

Report of
The Evaluation Committee
on Public Sector Undertakings
in Orissa

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REPORT OF THE EVALUATION COMMITTEE ON PUBLIC SECTOR UNDERTAKINGS IN ORISSA

CHAPTER I

General Considerations

1. Introduction

- 1.1. This Committee has been constituted by the Government of Orissa to evaluate the working of the Public Sector Undertakings of the State in general, and the effect of their working on the administration and finances of the State Government. The Committee consists of three members:—
 - (i) Professor P. S. Lokanathan (Chairman)
 - (ii) Shri Pran Prasad
 - (iii) Shri G. Ramamurty
- 1.2. The terms of reference of this Committee are more particularly described in the Government of Orissa's Resolution No. 5758—PLN.1. Cor. 175/67, dated the 9th October 1967 (Annexure 1) and are as follows:—
 - (1) the objectives with which these undertakings were set up and how far these objectives have been realised and if not the reasons for the same;
 - (2) whether the capital outlays on these udertakings have been economical and proper;
 - (3) to examine in detail the capital outlays and programme of work undertaken by these undertakings and to suggest any modification that may be necessary for realistic implementation of their programmes;
 - (4) to assess in a realistic manner the capital outlay still required for implementing the programmes and the year-wise break-up of this proposed outlay for ensuring maximum return at as early a date as possible on the capital invested and to be invested;

- (5) to make a comparative assessment of the economics and efficiency of those undertakings;
- (6) to examine the organisational set-up that now prevails in these undertakings and to suggest modifications that are necessary so as to secure the most efficient management of the undertakings;
- (7) to suggest specific measures for protecting Government interest without substantially effecting the efficient management of the undertakings;—
- (8) to examine the control which is exercised by Government in respect of—
 - (a) capital investment
 - (b) expenditure
 - (c) appointments
 - (d) contracts
 - (e) purchase of stores; and
 - (f) recruitment policy.

In these undertakings and to suggest changes that may be necessary to secure efficient and profitable management of these undertakings consistent with protection of interest of the State and the people of the State;

- (9) to examine if in the interest of the State any of these public sector undertakings should be closed down or its activities should be progressively reduced or altered and to suggest in detail as to how these objectives will be achieved; and
- (10) to suggest any other measures that may be relevant for a compete appreciation of the problems involved.
- 1.3. The Committee has had three meetings since its inception and has sat for the total of 9 days.
- 1.4. During the sittings-cum-tours, discussions were held with various authorities of the undertakings under scrutiny; a set questionnaire was issued (Annexure A), the replies to which were received from the officers concerned and subsequently discussed with them at length.

1.5. The Committee feels that it has acquired sufficient first-hand information to report on its findings and make suggestions as may be considered necessary.

2. Justification for setting up units in the Public Sector

- 2.1. There are normally considered to be several objectives in view when the question of setting up an undertaking in the Public Sector arises.
- 2.2. These objectives can fall into three broad categories, viz., socio-political, economic and commercial—
 - (a) A social objective is one which purports to benefit society as such. The establishment of an undertaking in the public sector is generally thought to achieve this end in three ways:—
 - (i) Through the creation of opportunities for employment;
 - (ii) By the prevention of the concentration of economic wealth and power in the hands of a few enterpreneurs; and
 - (iii) By creating regional imbalances in development.
 - (b) Economic objectives are numerous, briefly, the main ones are—
 - (i) to promote investment in undertakings normally considered beyond the reach of the private investor, particularly in basic industries which are capital-intensive in nature with long periods of gestation and in providing the necessary infrastructure in transport, power, etc.;
 - (ii) to promote all-round economic activity in wide areas through the multiplier effect; and
 - (iii) to prevent profiteering in essential goods and services by providing a portion of the same from public undertakings and thus controlling price levels.
 - (c) The commercial objective of public undertakings naturally centres round its capacity to earn adequate profits on the investment made, in precisely the same way as for undertakings set up in the Private Sector.

- 2.3 It is the intention of this Committee to evaluate the achievements of the public sector undertakings of the State of Orissa in terms of the objectives enumerated in paragraph 2.2.
- 2.4 Wherever the Committee has felt that there has been failure in part or whole to achieve any or all of these objectives, it has made appropriate recommendations.
- 2.5 The Committee will also in certain cases, recommend the liquidation/sale/transfer of an undertaking or a portion thereof where it considered the circumstances governing normal operations to be too adverse to enable it to achieve any of the objectives mentioned in paragraph 2.2.
- 2.6 While the above may be regarded as general objectives of Public Sector enterprises, the Committee had no means of knowing precisely the objectives of the specific enterprises set up in Orissa during the last 10 years. However, the Committee, from the evidence available and from its own study inferred that the main objectives were—
 - (i) the utilisation of the rich resources of the State:
 - (ii) the creation of an awarene's concerning industrial development;
 - (iii) the desire to promote enterpreneurship and capital formation within the State; and
 - (iv) to reduce the State's complete dependance upon agriculture.

The Committee also took note of the fact that the desire of the Government of Orissa to promote industrialisation was reflected in their efforts to develop small-scale industries. The Industrial Policy Resolution of 1956 which demarcated the area of Public and Private Sector activity was a factor in the promotion of Public Sector enterprises; to this must be added the lack of local private capital and enterpreneurship.

CHAPTER II

The Undertakings

- 3. The Committee has enquired into the workings of the undernoted six corporations:—
 - (a) The Industrial Development Corporation of Orissa Ltd.
 - (b) The Orissa Mining Corporation Ltd.
 - (c) The Orissa State Commercial Transport Corporation Ltd.
 - (d) The Orissa Fisheries Development Corporation Ltd.
 - (e) The Orissa Forest Corporation Ltd.
 - (f) The Orissa Construction Corporation Ltd.
- 4·1. The Industrial Development Corporation of Orissa Ltd.— This Corporation was established in 1962 to promote execution of industrial projects or enterprises for manufacture and production of plant, machinery, tools, implements and materials, etc., which in the opinion of the company were likely to promote industrial development in Orissa. The Corporation is authorised to aid, assist and finance the Industrial undertakings, or enterprises, whether run by Government, statutory firms, private companies, firms or individuals and to give capital, credit, means and resources for execution of their work and business. The objectives therefore for the establishment of this Corporation appear to be all encompassing.
- 4.2. Manufacturing Units—This Corporation has the following manufacturing units in its administrative control:—
 - (1) Kalinga Iron Works at Barbil;
 - (2) Hirakud Industrial Workshop at Sambalpur;
 - (3) Re-rolling Mill at Sambalpur;
 - (4) Cable Plant at Sambalpur;
 - (5) Bargarh Cement Works at Bargarh;
 - (6) Ferro-Chrome Project at Jajpur Road; and
 - (7) Tile Factory at Choudwar.

4.3. In addition, the Corporation also functions as an investment-cum-finance company, and has invested funds as per details given below:—

Particulars of invests made-

(Rupees in lakhs as on) Shares in 31-3-1963 31-3-1964 31-3-1965 31-6-1966 31-6-1967 3.00 1. Asoka Co-op. Sugar Indus-3.00 3.00 3.00 3.00 tries Ltd. 2. Indian Metals and Ferro 9.62 13.75 22:00 22:00 Alloys Ltd. 3. Orissa Government 28.01 28.01 Loan Bonds 5½% 4. East Coast Salt and Chemical 0.06 11.46 Industries (Subsidiary Company). 5. Jayashree Chemicals Ltd. 14.96 Total 3.00 12.62 16.75 53.07 79.43

- 4.4. Total investment in the Industrial Development Corporation, etc., to the extent of Rs. 14.30 crores is in the form of equity and loans by Government (The figures are up to the 31st March 1967). This makes the Corporation the biggest public enterprise of the Orissa Government, and must necessarily engage the bulk of this Committee's attention.
- 5·1. The Kalinga Iron Works, Barbil—The Kalinga Iron Works at Barbil consists of a low shaft furnace producing pig-iron. This unit was originally under the managing agency of Messrs. Kalinga Industries Ltd., and in April 1963 it was purchased by The Industrial Development Corporation of Orissa Ltd., at a cost of nearly Rs. 74 lakhs. It was agreed at that time that the repayment for this plant would be made out of profits. Here it should be pointed out that when the Industrial Development Corporation of Orissa Ltd., took over the unit, it not only purchased the operating furnace, but also assumed the liabilities of the expansion programme which had already been concluded by Messrs. Kalinga Industries Limited with Messrs. Fried Krupps of West Germany and Messrs. Kalinga Otto (Private) Limited. This raised a number of problems to which reference is made later.

- 5.2. During the enquiry, the Committee made efforts to obtain detailed project reports for the old furnace as well as the expanded units. They were unable to do so.
- 5.3. It was however mentioned to the Committee that the unit was taken over by The Industrial Development Corporation of Orissa Ltd., primarily for the following reasons:—
 - (a) to conduct experiments for the promotion of an industrial complex at Talcher;
 - (b) to utilise high grade iron-ore fines available from nearby iron-ore workings from which lumpy ore is to be supplied to the Steel Plants.
- 5.4. The licenced capacity of the unit before the expansion was 30,000 tonnes of pig-iron per year. At present, the production is slightly exceeding the unit's old licenced capacity. During 1964-65, it produced 33,455 tonnes; in 1965-66 it produced 24,539 tonnes and during 1966-67 it produced 28,023 tonnes. The Committee was told that the low production figures for 1965-66 were due to the furnace having been shut down for three months owing to break-down of the blower motor and there is no standby.
- 5.5. The expansion programme for the unit was said to be as follows:—
 - (a) The addition of two more furnances with a combined rated capacity to produce 70,000 tonnes of pigiron a year;
 - (b) The generation of 12 M. W. of power by utilising lean furnace gas;
 - (c) The diversion of 46,000 tonnes of molten pig-iron to a spun pipe plant in order to produce 36,000 tonnes of cast iron spun pipes annually;
 - (d) The installation of the above spun pipe plant;
 - (e) The installation of a grey-iron foundry to produce special castings up to 5,000 tonnes per annum, mainly in the form of bends and tees for spun pipes.
- 5.6. Industrial licences, together with import licences are said to have been received by the Industrial Development Corporation of Orissa Ltd. The bulk of the imported machinery is said to have been received and arrangements for foreign

technical collaboration finalised. Indigenous machinery and material is also said to have already been procured. Erection work is in progress and all the furnaces should be ready for operation during 1968.

- 5.7. The proposed capital outlay for the implementation of the entire expansion programme is stated to be estimated at Rs. 910.78 lakhs out of which the cash required for going into production is said to be Rs. 792.91 lakhs. The Industiral Development Corporation of Orissa Ltd., hope that the balance amount will be met out of internal resources to be generated by the unit itself.
- 5.8. From figures made available to this Committee it will be seen that the unit is financially just about breaking even, but in the year 1966-67 it operated at a loss. However this refers only to the original furnace.
- 5.9. After the expansion programme takes effect, the indications are that this unit will not be financially viable as per set of calculations given below by the Corporation:—

	V /A 1/70, /J 1/7	(Rs. in lakhs)
1.	Raw materials—	,
	(a) 160,000 tonnes of Iron-Ore at Rs. 15 Mt.	24.00
	(b) 140,000 tonnes of Coke at Rs. 98 Mt	137·20
	(c) 55,000 tonnes of Limestone at Rs. 60 Mt.	33.00
2.	4200.00m ³ of river water at Re. 1 per 100 m ³ pumping cost only.	0.42
3.	Power (since own power plant is to be installed).	•••
4.	Consumable Stores at Rs. 6 per tonne of finished products.	7.05
5.	Direct Labour wages -	13.86
6.	Administrative and Supervisory Staff Salary	4.16
7.	Incentive & profit sharing bonus, etc.	9 •0 0
8.	Provident Fund, E. S. I. contribution and other employees welfare 15 per cent on wages and salary.	2 .70

	(1	Rs. in lakhs)
9.	Repairs and maintenance including spares 2 per cent on (capital cost of Rs. 910.78 for the first year).	18.22
10.	Moulds	10.00
11.	Insurance 5 per cent on plant and machinery (Rs. 597.70).	2.99
12.	Administrative Overheads	5.00
13.	Depreciation $8\frac{1}{2}$ per cent on total capital cost (including land i. e. Rs. 899.54 lakhs).	74.96
	(a) existing furnace (10 per cent on Rs. 46 lakhs) Approx.	4.60
14.	Interest on long-term loans and $7\frac{1}{2}$ per cent on Rs. 396 lakhs.	29.74
15.	Interest on working capital 9 per cent on Rs. 50 lakhs.	4.50
	T33 197	381:40
16.	Total cost of production	2:40
	सत्यमेव जयते	379.00
Sal	100,000 tonnes of pig iron at Rs. 300 per	300 lakhs
	Power tonne.	12 lakhs
	,	312 lakhs
	Net profit (-	—)67 lakhs

The Committee would like to note that the figures of cost probably include an element in respect of the spun pipe plant and the foundry which have since been abandoned. However it believes that adjustment on this account will not be of any substantial significance.

5:10. It must also be pointed out that the way matters stand at present, the spun pipe plant cannot be commissioned as some imported components were seized by Pakistan whilst

in the course of shipment during the 1965 conflict. There is very little likelihood of these being released.

- 5.11. Due note should also be taken of the fact that the spun pipe market in India is badly depressed and even if the lost parts could be replaced, the marketing of this product will present a formidable problem, However, the Committee has been informed since that this project has been given up.
- 5.12. It is stated that after expansion is complete, the unit will provide employment, directly and indirectly to about 1,000 people.
- 6. Hirakud Industrial Workshop—6·1. This workshop was orginally established for the benefit of the Hirakud Dam Project. After the completion of the project it was considered that the equipment could be utilised for a production workshop and the workshop was therefore adapted for the manufacture of sugar machinery nd agricultural equipment to fit in with the official programme for rural industrialisation. It was also considered useful to make certain changes in order to enable the workshop to accept orders to fabricate equipment for other units of The Industrial Development Corporation of Orissa Ltd. and for the State Electricity Board. Additional investments to the extent of Rs. 43 lakhs were therefore made; the machine shop and the structural shop and the foundry were expanded and a galvanising plant was added. A decision has since been taken not to incur any capital expenditure unless definitely essential.
- 6.2. The sales turnover of this unit improved steadily till 1966-67 when it received a severe set-back presumably owing to the recession in the Engineering Industry.
- 6.3. The full installed capacity of the workshop was never fully utilised owing to lack of orders.
- 6.4. The Industrial Development Corporation of Orissa Ltd., has engaged Messrs. IBCON Limited as consultants in connection with the work in progress and to suggest suitable steps to diversify the production pattern in order to achieve capacity production against secured orders.
- 6.5. The unit earned nominal profits until 1965-66 and thereafter operated at a loss. The workshop (together with the railway link connecting Sambalpur with Hirakud which it

also took over) employs a total of 460 people, some of which were taken on from the old Hirakud Dam Project. The project is managed by a General Manager, who is a mechanical engineer.

- 7. Re-Rolling Mill, Hirakud—7.1. The Industrial Development Corporation of Orissa, Limited is at present setting up a re-rolling mill at Hirakud with an initial installed capacity of 15,000 tonnes of mild steel re-rolled products, e.g., bars, rods and channels. It is also planned eventually to install plant and machinery to re-roll aluminium and copper rods for the cable plant situated in the vicinity.
- 7.2. The unit is being set up with a capital investment of Rs. 104 lakhs.
- 7.3. Machinery is being imported from Japan; the bulk of this equipment has already been received.
- 7.4. Installation work is in progress and the unit, according to present plans, is expected to go into production during the current year.
- 7.5. It is estimated that a further sum of Rs. 48 lakhs will be required to go into production; out of this Rs. 33.3 lakhs is payable to the Central Government on account of imported machinery already received.
- 7.6. The Management of the Industrial Development Corporation of Orissa, Ltd., apparently do not foresee any marketing difficulty.
- 7.7. The unit, at present, employs 22 people and is managed by the General Manager, who is a Senior Executive Engineer of the Irrigation & Power Department of the Government of Orissa.
- 8. Cable Plant, Hirakud—8.1. The Industrial Development Corporation of Orissa, Ltd., are establishing a Cable Plant at Hirakud to manufacture A. C. S. R. and A. A. C. super enamelled winding wire and paper covered strips and wires with the varying capacities.
 - (a) A. C. S. R. and A. A. C. 3,000 tonnes per annum.
 - (b) Enamelled Copper wires 360 Ditto
 - (c) Paper covered strips & wires 30 Ditto

- 8.2. The total capital outlay of the project is estimated at Rs. 228.35 lakhs, of which the cash requirement for going into production is estimated at Rs. 124.56 lakhs.
- 8.3. The balance amount is expected to be met out of foreign credit and internal resources.
- 8.4. The plant and machinery is being supplied by a French manufacturer. The bulk of this plant has already been received, with the exception of a certain shipment lost in Pakistan. As a consequence of this the capacity of the unit will be somewhat less than its rated figure.
- 8.5. The main factory building is now complete and installation of plant and machinery is now in progress.
 - 8.6. The unit is expected to go into production during 1968.
- 8.7. The purpose for setting up this project appears to be to supply electrical equipment to the State Electricity Board and to other State Electricity Boards outside Orissa. It is, however, doubtful, whether the requirements of the Electricity Boards will keep the unit working to full capacity.
- 8.8. This unit at present employs 77 people and is managed by a General Manager.
- 9. Cement Plant, Bargarh—9.1. The Industrial Development Corporation of Orissa, Ltd., have established a cement factory at Bargarh which went into production this year.
- 9.2. This factory has an installed capacity to produce, 1,200 tonnes of Portland Cement per day.
- 9.3. The project utilises limestone available from the nearby quarries at Dungri, managed by the Orissa Mining Corporation, Ltd.
- 9.4. The total estimated capital cost of the project is Rs. 739.41 lakhs. The capital cost is, however likely to go up and the matters under consideration.
- 9.5. The Industrial Development Corporation of Orissa Ltd., have estimated the cost of production, after taking into account depreciation and interest charges over five years, to be Rs. 91.50 per tonne of naked cement against a selling price of approximately Rs. 98 per tonne.

- 9.6. At present the unit employs 450 people and is managed by the same General Manager, who is in charge of the Cable Factory.
- 10. Ferro-Chrome Project, Jajpur Road—10·1 The Industrial Development Corporation of Orissa, Ltd., are at present putting up a plant at Jajpur Road to manufacture 10,000 tonnes of low-carbon ferro-chrome per annum.
- 10.2. The proposed capital outlay for the project is estimated at Rs. 658.47 lakhs, the cash requirements of which are estimated at Rs. 474.69 lakhs.
- 10.3. An Agreement, with the approval of the Government of India, has been concluded with Messrs. A. B. Mettallurg Consult, a Swedish firm to act as consultants.
- 10.4. A firm order for the entire plant and equipment with Messrs. Electroinvest of Sweden has been placed.
 - 10.5. The project is still in its initial stages of construction.
- 10.6. It is expected that the entire quantity of ferro-chrome produced will be purchased by the Durgapur Alloy Steel Project, a Government of India undertaking.
- 10.7. Nearby chromite deposits in Cuttack and Keonjhar districts are stated to be conveniently located for easy working.
- 10.8. The project at present employs 70 people and is managed by a General Manager who is an electrical engineer.
- 11. Tile Factory at Choudwar—11·1. This factory was commissioned on 1st March 1966.
- 11.2. An investment of Rs. 25.24 lakhs was made in this respect.
- 11.3. The project has a rated production capacity of 20,000 tiles per day.
- 11.4. The present production is, however, a mere 50 per cent of the rated capacity.
- 11.5. The limiting factor is stated to be a difficulty in the procurement of adequate orders.

- 11.6. The unit employs a total staff and work force of 230 people.
- 12.1. The Industrial Development Corporation of Orissa Ltd., Head Office—The Head Office of the Industrial Development Corporation of Orissa, Ltd., functions at two broad levels:—
 - (a) It exercises supervision over development projects and producing units.
 - (b) It looks after the investment side of the Corporation's business as detailed under paragraph 4.3.
- 12.2. In addition to investments mentioned in paragraph 4.3, the Corporation has subscribed Rs. 79 lakhs to the Orissa Loan Fund and has Rs. 1 lakh in fixed deposit.
- 12.3. The income from these investments, after allowing for in appropriate deduction against Head Office expenses, is virtually nil.
- 13.1. The Orissa Mining Corporation, Ltd.—The Orissa Mining Corporation, Ltd. is the earliest undertaking of the Orissa State, having been incorporated in 1956.
- 13.2. Originally the Centre participated in the Equity shares and was also represented on the Board of Directors; subsequently in 1961-62 the State Government purchased the Central Government's holding and reconstituted the Board, which now consists mainly of State Government Officials.
- 13.3. The main objectives of this Corporation were to raise, assemble and transport iron-ore and other materials in such areas in the State as Government may from time to time determine. The Corporation was also to undertake prospecting and to maintain research laboratories and experimental workshops to conduct test on minerals available within the State.
- 13 4. The Corporation operates the undernoted three large projects:—
 - (a) Iron-ore mines at Daitari;
 - (b) Limestone quarries at Dungri
 - (c) Chromit-ore operations in the vicinity of Jajpur Road;
 - (d) In addition some minor operations for iron and manganese-ores are also undertaken.

13.5. The total investment in this Corporation as on the 31st March 1967, stands at Rs. 8.72 crores as per details given below:—

(Rs. in lakhs) Net fixed assets 288.78 47.83 Capital work in progress and prospecting Development expenditure. 173.84 38.85 Investments Deferred Revenue Expenditure 2.99 Working Capital 319.26 Total .. 871.55

- 13.6. Several minor projects were launched in the past and subsequently abandoned owing to transport difficulties.
- 14.1. Daitari Iron-ore Project—This project is still under development and this Committee was unable to ascertain as to when the iron-ore mines are likely to start operating commercially. Collaboration is with a Hungarian firm with an Indian firm acting as its agent.
- 14.2. From records available, it appears that the original estimates for the project have gone up from Rs. 6 crores 33 lakhs to Rs. 9 crores 36 lakhs; there also appears to be every possibility of these estimates increasing further.
- 14.3. This iron-ore project, when commissioned, is expected to produce three lakh tonnes for the first year and thereafter 15 lakh tonnes per annum.
- 14.4. As rail transport facilities are lacking, it is suggested that the State Government prevail upon the Central Government to do everything possible to provide the rail link, which the Committee understands, has already been approved.
 - 14.5. The unit employs a total of 650 people
- 15.1. Dungri Limestone Project—The Dungri Limestone Project's deposits came into prominence in connection with the cement requirements for Hirakud Dam. Vast deposits

of high grade limestone have been proved in this area and quarrying operations have been taken in hand by the Orissa Mining Corporation Limited.

- 15.2. The capital outlay for this project was initially Rs. 99 lakhs and was subsequently revised to Rs. 168.07 lakhs on the recommendations of the Indian Bureau of Mines.
- 15.3. A market for limestone is assured by the proximity of Bargarh Works of the Industrial Development Corporation of Orissa Ltd.
- 15.4. Mining operations are partly manual and partly mechanical.
- 15.5. It was indicated to the Committee that the price offered by the Industrial Development Corporation of Orissa Ltd. for limestone is below prevailing commercial rates.
 - 15.6. The unit employs a total of 296 people
- 16. Chromite-ore operations in the vicinity of Jajpur Road—Chromite mines have been developed to a limited extent in the vicinity of Jajpur Road. The bulk of the output is earmarked for the ferro-chrome project at Jajpur Road, with the balance available for export.
- 17.1. Minor Projects of the Orissa Mining Corporation Ltd.—In 1959 two iron-ore mines, one in Mayurbhanj and the other in Keonjhar, went into production. The former mine was soon closed after high grade ore deposits had been exhausted. The mine at Keonjhar was also closed owing to lack of transport facilities.
- 17.2. The Khandahar Iron-ore—Mine was opened in Sundergarh district and one lakh tonnes of iron-ore was supplied to the Rourkela Steel Plant. The steel plant did not place any further orders, as a result of which mining operations have since been suspended; it is, however, under contemplation to reopen this. It is also intended to open a mine at Gandhamardan.
- 17.3. The Committee was also informed that a number of small manganese mines are also in operation but these yield no profit.
- 18. The Corporation possesses prospecting leases over a vast territories for a variety of ores.

- 19.1. The Orissa Forest Corporation Ltd.—The Orissa Forest Corporation Ltd. came into existence in October 1962, and was formed primarily to undertake proper and scientific exploitation of the forest resources in the State and to conduct other allied activities in order to obtain maximum financial returns.
- 19.2. The investment in this organisation as at 31st October 1966, was approximately Rs. 74 lakhs consisting of net fixed assets of Rs. 18 lakhs, working capital of Rs. 54 lakhs and investments of Rs. 2 lakhs.
- 19.3. Moderate profits were earned during the first three years of its working; dividends of 3 per cent and 4 per cent were declared in the years 1963-64 and 1964-65, respectively; the total dividend thus paid amount to Rs. 2.45 lakhs. Thereafter a loss of Rs. 10.61 lakhs incurred in 1965-66 more than wiped out accumulated profits.
- 19.4. The activities of this Corporation appear to be duplicated by the activities of the Forest Department of the Government of Orissa; there is also no proper demarcation of activities between the Department and the Corporation.
- 19.5. The Management of the Corporation consists of Forest Officers on deputation from the Forest Department.
- 19-6. During recent months vast stocks of unsold timber have accumulated at the Corporation's various depots; these stocks run the risk of deterioration/destruction by fire.
- 19.7. The Corporation has requested the State Government for a further loan of Rs. 40 lakhs to enable it to have sufficient working capital. It may also be mentioned that most of their funds appear to be locked up in sundry debtors which are virtually all State Departments and Undertakings.
- 20.1. The Orissa Construction Corporation Limited—This Corporation commenced its business in May 1962. It has consistently shown small profits every year since then.
- 20.2. The total investment (all in the form of share capital) by Government in this Corporation till October 1967 is Rs. 57.14 lakhs.
- 20.3. The functions of the Corporation are similar to the function of a firm of civil engineering contractors in the private sector. Individual contractors are tendered for, or in certain cases negotiated.

- 20.4. This Corporation possesses building equipment to execute semi-specialised contracts like bridges, aquaducts, ropeways, and tramways; it has also engaged itself in normal civil contracts, e.g. housing estates, roads and airport runways.
- 20.5. The Corporation claims that it acts as a moderating factor for all civil engineering contracts in the State of Orissa; even if it is not awarded a contract, the fact that it has the capacity to tender exerts a certain amount of influence on private contractors to tender at rates lower than they would have done otherwise.
- 20.6. The Board of Directors and other Senior Officials of this Corporation are executive engineers of the State P. W. D. on deputation.
- 21.1. The Orissa Fisheries Development Corporation Limited—The Orissa Fisheries Development Corporation, Limited, was established in August 1962, to develop and scientifically exploit both deep-sea and fresh water fisheries in and off the Coast of Orissa. A subsidiary objective was to erect processing plant in suitable places for the manufacture of fishery products, e.g., fish liver oil, fish-meal and canned fish.
 - 21.2. The activities of the Corporation comprise—
 - (i) Pisciculture in the Khasmahal tanks
 - (ii) Marketing of fish in Cuttack and Bhubaneswar
 - (iii) Establishment of a boat-building yard
 - (iv) Maintenance of four Polish deep-sea trawlers at Paradeep.
 - (v) Inland fishing by establishing large fish farms
 - (vi) Manufacture of shark liver oil
 - (vii) Fishing off the North Orissa coast with the help of small wooden power boats.
 - (viii) Purchase and sale of nylon yarn.
- 21.3. The Corporation has a paid-up capital of Rs. 35 lakhs in the form of Equity Shares of Rs. 100 each; in addition Government of Orissa have granted the under-mentioned three loans totalling over Rs. 24 lakhs:—
 - (a) Loan for Rs. 10 lakhs Capital Expenditure
 - (b) Loan for Rs. 11,10,400 (purpose unspecified)
 - (c) Loan for Rs. 2,93,500 under a special development programme.

- 21.4. None of the schemes outlined above has been implemented effectively. The Corporation has alleged, in its answer to our questionnaire, that the main difficulty in implementation was an unhappy combination of lack of foresight and lack of funds, e.g., in the deep-sea fishing project, a total of over Rs. 20 lakhs was invested in the purchase of four Polish deepsea trawlers in 1964. These trawlers are still berthed at Paradeep and have never been used for fishing. The reasons advanced are that these trawlers are not being operated they do not have qualified crews; maintenance facilities at Paradeep are also said to be sadly lacking. The Corporation has requested for a further sum of Rs. 5 lakhs to put these trawlers in operation. With regard to the marketing of fish in Cuttack and Bhubaneswar, the Corporation is unable to do so effectively as they have no sources, of their own, for fish; any fish marketed, therefore, has to be obtained from private sources. In this connection, the Corporation has alleged that the pisciculture tanks and fish farms established by the State Fisheries Department have been leased out to Co-operative Societies and Grama Panchayats who demand "a market price" for the catch. In the answer to the questionnaire the Corporation has, therefore, suggested that the Fishery Department's fish farms should be "transferred" to the Corporatioñ.
- 21.5. All attempts made by the Corporation to establish inland fish farms were unsuccessful owing to prevalence of local disputes. The Corporation has requested for further funds in this connection.
- 21.6. The Corporation has a small plant producing shark liver oil. This plant appears to be functioning, though no figures were available as regards its profitability.
- 21.7. It appears that certain varieties of inedible fish are being sold to private merchants for disposal as fish-meal. The loan of Rs. 2,92,500 under the special development programme was given to the Corporation to develop an off-shore fishery off the Cuttack and Balasore coasts. A large quantity of equipment was purchased and is still lying unutilised. Interest on this loan has accumulated and the Corporation has requested that this loan should now be treated as Share Capital "to avoid further loss of Government money and putting the Corporation in an embarrassing position for its repayment".
- 21.8. The Corporation has claimed that its boat-building yard at Paradeep is a profitable scheme; at the same time it has stated that other departments of Government have

not shown any sympathy with the Corporation in the matter of placing orders, although it is alleged that orders are placed with outside firms at high rates. In this connection, the Corporation claims that its boat-building yard is efficient and is managed by a qualified Naval Architect who is "the only qualified person in the State". A sum of Rs. 5 lakhs as additional expenditure has been requested to enable the boat-building yard to undertake painting contracts at Paradeep.

- 21.9. Nylon webbing and yarn is procured from producers in Bombay and Gujerat and sold to fishermen who manufacture their own nets. No details were given of the profitability of this trade.
- 21·10. The bulk of the envisaged and proposed activities of this Corporation appear to be parallel to those which are done by State Fisheries Departments in other States.
- 21.11. The Corporation is managed by senior officials from the State Fisheries Department on deputation.
- 22·1. The Orissa State Commercial Transport Corporation, Limited—The Orissa State Commercial Transport Corporation, Limited, was established in January 1964 in order to acquire a fleet of vehicles for the transport of two million tonnes per annum of iron-ore from the Diatari Mines to Paradeep; general objectives mentioned are also to develop an efficient system of road and water transport, though nothing much further seems to have been done beyond the mere mention of these objectives.
- 22.2. The investment in this Corporation as on 31st October 1966 is approximately Rs. 75 lakhs consisting of net fixed asset of Rs.33 lakhs, fixed deposits Rs. 16 lakhs, working capital Rs. 23 lakhs and deferred revenue expenditure Rs. 3 lakhs. During the first two years of its operation, the Corporation incurred a net loss of over Rs. 2 lakhs.
- 22.3. The Diatari Transportation Scheme is still under consideration and requires an estimated total investment of Rs. 5.10 crores, involving the purchase of vehicles, construction of staff quarters, administrative block and maintenance sheds at terminal points. It is alleged by the Corporation that this scheme has received a set back owing to factors beyond its control, involving:—
 - (i) a delay in arrival at a decision on the type of tractor vehicle to be used for the scheme.

- (ii) a delay in the completion of the Expressway which appears to develop extensive breaches after each monsoon;
- (iii) a delay in installing an ore handling plant.
- 22.4. The Corporation appears still to be debating the question of suitability of type of tractors required.
- 22.5. The Corporation is at present engaged as a transport Constractor to transport goods on behalf of the Central Government's M. M. T. C., Government Departments and private organisations, occasionally the Corporation also engaged private operators as sub-contractors when the bulk of the Corporation's own vehicles appear to be garaged for maintenance.
- 22.6. The Corporation has indicated that it needs additional funds during the current accounting year to the extent of Rs. 128 lakhs and has requested the State Government to provide this amount.
- 22.7. The Corporation is managed by a Board of Directors consisting of a part-time Chairman, who is an official of the State Government, a full-time Managing Director who is an ex-Army Brigadier (since retired and now replaced by an I. A. S. Officer) and five part-time Directors who are also officials of the State Government and Secretaries to various Government Departments.
- 22.8. The employment position at the Corporation is as follows:

Total employees—394

The Traffic Department consists of 196 people out of which 100 are drivers and 66 are cleaners. The Maintenance Department consists of 80 people, 43 of whom are designated as helpers. The rest of the employees, numbering 118 are employed in offices; 28 of these employees are peons and 22 are watchmen/durwans.

CHAPTER III

Findings

23.1. This Committee is fully aware of some of the differences in motivation between the undertakings under review and similar undertakings operating in Orissa and elsewhere under the control of private entrepreneurs. The Committee, therefore, has no intention of passing judgement on the performance of the said undertakings only in terms of standards of appraisal generally adopted by the private sector. A few comparisons with the private sector must, however, inevitably arise. These must not be misunderstood as the Committee feels its purpose is not to indulge in destructive criticism but merely to make suggestions to enable the State Enterprises to function within a revised framework which is more viable than heretofore. In short the Committee wishes to examine how far the undertakings have fulfilled the objectives for which they were launched, and how far they serve the general objectives enumerated in paragraph 2.2.

In evaluating the objectives for setting up Public Sector Undertakings, the Committee appreciates that the appraisal of commercial objectives is done purely by way of gauging the profits produced in relation to the investments made. Regarding social, political and economic objectives, necessary weightage will have to be given to these ventures. The Committee, appreciates that appraisal of Public Sector Undertakings cannot be done on the same lines as for a Private Sector unit. Determination of weightage for social and economic objectives must however be left to the discretion of Government.

23.2. This Committee is constrained to bring to the notice of Government, that the capital outlay in the bulk of the projects under review seems excessive. To give an example, an investment of Rs. 9 crores in the expansion of the Kalinga Iron Works to produce a mere 1.00,000 tonnes of pig iron per annum is excessive. A similar unit launched by a Private entrepreneur would probably make do with a 30 per cent to 40 per cent reduction in this massive capital outlay. Capital outlay at Daitari Iron-Ore Mines is far in excess of what it should be. This is also true in respect of the cable factory, and the working of the Fisheries, Forests and the Transport Corporations. Government should, therefore, make each Corporation responsible to ensure that they do not incur excessive capital expenditure in future.

- 23.3. The Committee is of the opinion that the examination of the undertakings should be on two broad levels—
 - (a) Managerial
 - (b) Financial
- 23.4. An analysis of the undertakings reveals that all of them function within the framework of the Company form of management, i.e., the bulk of the funds obtained are through the issue of Equity Shares which are fully subscribed by the State Government; the Corporations themselves are managed by a Board of Directors with a chairman as its head; the various units in production (this includes goods and services) are under the charge of general managers who are responsible for production; the Corporations themselves have their Head Offices at Cuttack or Bhubaneswar, and these Head Offices are primarily responsible for co-ordinating affairs, and deal with matters connected with sales, finance and personnel. In this respect, the form of management appears to be broadly in line with the set-up in similar undertakings in the private sector.
- 23.5. On closer examination, however, major differences between the undertakings in question and private sector undertakings emerge. In most units the Chairman and/or Managing Director, who is perhaps full-time, is an officer of the State Administrative Cadre on deputation to the Corporation. The other directors comprising the Board are all part-time and occupy their seats on the Board by virtue of their being Government officials in particular posts; as and when they are transferred to other posts they vacate their seats on the Board of the undertakings, leaving them free for the next incumbants in posts. In short, other than the full-time their erstwhile Chairman/Managing Director, the rest of the members of the Board are nominated ex officio. Frequently appointments the Board are, therefore, only for a period of a few months; in certain cases even the Managing Director is transferred just when he is coming to grips with the problems involved in running the Undertaking with which he is concerned. Such frequent changes in the constitution of the Board of Directors are certainly conducive to efficient management. The Committee, however, noted that in one or two Corporations, the Chief Executive had a long tenure.

It is frequently argued that the appointment of Civil Servants on the Boards of Government undertakings enables these

under takings to function smoothly in the sense that the Civil Servants, being instrumental in carrying out the basic policies of Government, are actively aware that a conflict between these policies and the functions of Government undertakings must not arise; further more as Civil Servants are aware of Government procedures, they are apt to propagate similar procedures in the under-takings; this is a factor which appears to find favour with Government. It must however, be pointed out that smooth functioning in a procedural sense does not necessarily entail efficient functioning: Government procedures are, proverbially slow and hide-bound by rigid rules and regulations and when imposed on undertakings frequently displace the bold and imaginative handling of such entreprises which characterises the more successful ventures in the private sector. It is, therefore, not surprising that as models of bold and efficient management, the State Public Sector enterprises under review are not shining examples.

- 23.6. It appears that the post of Chairman/Managing Director, though offered to gentlemen amongst the I. A. S./O. A. S. is not specifically reserved for a person experienced in commercial management. Whilest it must be said that the bulk of these posts have been filled with officials having excellent experience of normal administrative functioning of Government, none of them possess a background of managerial experience in industry. The demands of modern management are much more than ever before and it is vital therefore that managers whether in the Public or Private Sectors should possess the necessary knowledge and experience to deal with these matters.
- 23.7. The answers obtained by the Committee in response to the Questionnaire issued indicated that the management structure is top heavy. Chairman/Managing Directors assume the bulk of the powers of management cash expenditure, and employment. These powers also have their limitations and frequently decisions of major importance have to be referred to the Government Departments concerned. In this respect, it must be stressed that the tools for improved management are the same, whether it be for the Public Sector or Private Sector; there must be adequate decentralisation as well as co-ordination between various sections of the undertakings; executive development programmes and modern supervisory procedures must be introduced with a view towards the building-up of a skilled executive managerial cadre within each undertaking.

In order to create an effective managerial cadre, it will be necessary to prepare a job evaluation chart for each unit. The Committee found no evidence that managerial thinking in the State Public Sector units ever proceeded on these lines. This must, therefore, be rectified forthwith and the services of an experienced industrial consultant engaged for each of the units in order to evolve a suitable staffing pattern.

In many instances, the Corporate form of organisation and management is set up with a view to get over the relatively inflexible procedures in regard to appointments, sanctions, etc. Unfortunately, in practice the same inflexibility which is found in Government Departments is perpetuated in the case of Public Corporations as well. The day to day management of Public Sector enterprises is hampered by having to seek the sanction of Government even in respect of matters which are not reserved to the Government.

- 23.8. It appears to the Committee that the officials engaged in the undertakings suffer from the lack of a positive approach; the bulk of their answers to our questionnaire consisted of (a) handicaps under which they labour and (b) the lack of funds in time and quantity. This negative approach will inevitably result in the stifling of initiative on the part of the management, and is probably generated through excessive departmental interference in the day to day running of the concerns. Committee, therefore, feels that a vicious circle is thus set-up; departmental interference results in managerial staff being less self-reliant; this factor breeds sloth and inefficiency which, in turn, provokes further departmental interference. Managers of these undertakings are, therefore, compelled to adopt a frame of mind which is purely defensive. In this they differ from their opposite numbers in private enterprise who are judged more in terms of aggressive and imaginative handling of the problems and degree of the positive approach they bring to bear on the often more difficult problems they have to face.
- 23.9. Regarding the financial problem, it must be the objective of every enterprise, not withstanding the objectives already mentioned in paragraph 2.2 to run at the maximum profit possible. The Committee feels that this factor is sadly neglected in all the enterprises, and the few units which have actually made a profit have virtually decreades pite themselves.

It is often the case that so called socio-political objectives are an alibi for poor performance. It is forgotten that even these very objective cannot be achieved if the economic objective is not kept firmly in the forefront.

The lack of cost consciousness in many enterprises is most unfortunate, and the Committee was unhappy to note that a number of the undertakings were unable to produce accounts even in *pro forma* for the past two or more years. The inference drawn from this is that cost sheets are also delayed in preparation and by the time the figures are finally ready, any approach to the problem of cost reduction becomes an academic exercise with data only of historical value.

- 23.10. Cost accountancy as a method of commercial appraisal and prompt internal audit as a measure of efficient accounting still remain to be introduced at all levels of the undertakings. These are both complementary and of vital importance to efficient managerial functioning. Executives at the helm of undertakings must be made aware of the actual cost of manufacture of their products as soon as possible, while there is still time to effect improvements. It hardly helps them to discover many months later that what they have been producing, is being produced at an inflated cost. For this purpose it is imperative to introduce a system whereby monthly pro forma accounts are prepared, audited internally and placed before the management within a fortnight of the end of the month. Final accounts should be closed and audited within five months of the close of the accounting year and placed before the Board of Directors for signature. Adherance to this procedure will also entail a very desirable reduction in managerial flabbiness. The Committee cannot over emphasise this aspect of fundamanagement responsibility. mental
- 23.11. Powers of the Public Accounts Committee appear to result in a defensive position being adopted by management eventually leading to an all-round weakening of the dynamic impulse. Though the Committee accepts that the Public Accounts Committee must perform their functions, adequate protection should be offered to management to prevent management in these public sector undertakings developing a persecution complex. No one can question the need for accountability of the Public Sector, but this should be within the framework of accepted policies and procedures.

24.1. The Committee will now make a financial assessment of the undertakings listed below:—

	Year of incorporation	Authorised capital
	Tauon	(Rs. Crores)
1. The Industrial Development Corporation of Orissa Ltd.	1962	50
2. The Orissa Mining Corporation Ltd.	1956**	10
3. The Orissa Construction Corporation Ltd.	1962	1
4. The Orissa Forest Corporation Ltd.	1962	2
5. The Orissa Fisheries Development Corporation Ltd.	1962	2
6. The Orissa State Commercial Transport Corporation Ltd.	1964	2

(** became a Orissa Government undertaking in 1961)

- (A) These undertakings differ from one another in the scope of activity and the stage of development attained so far. This aspect should be kept in view for a proper appreciation of their working. The aggregate performance of these undertakings has been reviewed by consolidating their Balance Sheets and financial results of their working. Besides this, the working of each undertaking and the units under them has also been analysed.
- (B) All these undertakings have adopted the financial year as their accounting year, except 'the Orissa Forest Corporation Ltd'., which closes its accounts on the 31st October of each year. However, while consolidating the data for inclusion in the report, the figures in respect of the Forest Corporation have also been merged with the respective financial years. As regards the latest financial year, viz., year ending the 31st March 1967, for which the accounts should have been published by now, the position is that these were not ready except in the case of the Orissa Construction Corporation.

The accounts of the other units were in varying stages of completion/compilation as indicated below, in the month of February 1968 when data for this review was collected:—

- (i) The Industrial Development Corporation Ltd.
- (ii) The Orissa Mining Corporation Ltd.

The accounts have been audited and are awaiting approval in the General Body meeting.

- (iii) The Orissa Forest Balance sheet for 1965-66 Corporation Ltd. is under audit.
- (iv) Orissa Fisheries Balance sheet for 1965-66
 Development Corporation.

 While preparation of that for 1966-67 has not been taken up.
 - (v) The Orissa State Accounts for 1966-67 are Commercial Transport Corporation. under audit and even a provisional copy of the balance sheet and (P. & L.) account was not available.

In the circumstances, such accounts as were available have been made use of in this review. Thus, the consolidated statements for the year ending the 31st March 1967, are exclusive of the figures relating to the Fisheries Corporation, Forest Corporation and the Commercial Transport Corporation.

(C) Working Results—The consolidated working results of the various undertakings are given in Annexure I, Table I—Analysis of Balance sheet and Table II—Analysis of Profit and Loss Account.

The important features are set out below—

(a) Investments—The total investments in the undertakings are made up of equity capital (including advances against future issue of shares) and loans from the Government of Orissa and other loans. Besides these, the Development Rebate Reserve and the surplus/deficit of the Profit and Loss Account have also influenced the availability of resources

A part of the investment is employed in capital works in progress in respect of expansion of existing units and/or construction of new units as well as prospecting and development expenses of mines. No immediate returns on this part of the investment can, therefore, be expected. A part of the available resources has also been invested in the shares of public limited companies in Orissa, Loan Bonds of the Government of Orissa and fixed deposits in scheduled banks. The remaining amount represents the investment on productive items and should, therefore, form the main basis for judging the performance of the undertakings. Even here, the working capital for productive units and expansion projects was found mixed up and a break-up thereof was not readily available in almost all cases. The participation in the equity capital of public limited companies (other than the State undertakings) is stated to have been done with the object of helping the industrialisation of the State. None of these units has so far gone into production and the investments are without any return uptill now. The investment in fixed deposits and Orissa Government Loan Bonds is rather unusual and tends to show that arrangements for funds by way of equity and loans were made far in excess of the actual requirement for immediate utilisation on productive items. Only during the latest financial year, the fixed deposits have come down appreciably. Similarly, the cash and bank balances including those invested in call deposits in some units appear to be rather heavy. This state of affairs does not indicate proper financial management of the undertakings.

A break-up of the resources available and their utilisation is presented in the table below:—

	As on					
	31-3-1962	31-3-1963	31-3-1964	31-3-1965	31-3-1966	31-3-1967
			(Rs. in	lakhs.)		
Resources available-						
1. Equity Capital	75.00	297.51	500.27	848.69	1,178.21	1,278.71
2. Loans from Govt. of Orissa.	••	••	62'50	130.29	582:79	712:50
3. Other Loans	••	139.99	225.62	465.44	710.29	990.33
4. Reserves & surplus	1.85	-2.91	7:17	19.13	13.34	11.20
Total	73.15	434.29	795:56	1,463.55	2,484*63	2,992.74

As on

	31-3-1962 31-3-1963 31-3-1964 31-3-1965 31-3-1966 31-3-1967 (Rs. in lakhs)						
Utilisation—							
(i) Net block	5.43	50.18	177:17	263.19	446 [.] 04	445.13	
(ii) Working capital	66.35	89.31	269.69	246.34	435.65	416.69	
(iii) Capital works in progress and develop m e n t expenses.		66.39	251.20	873.85	1,395.21	2,000.6	
(iv) Investments	0.63	3.63	13.25	18.74	55.68	118.2	
(v) Deferred Revenue Ex- penditure.	0.74	6.2	9.95	11.79	13.01	10.26	
Total	73.15	434 [.] 95	795.26	1,463.55	2,484.63	2,992.74	
Debt/Equity 1	Equity only	1: 2:13	1: 1:74	1: 1'42	1:0.91	1:0.75	

- (a) The debt/equity ratio as indicated in the above table has varied from 1:2·13 to 1:0·75. It appears that the policy of the Central Government in this regard is to evolve a capital structure in the new undertakings of the Central Government having parity between equity and loans while the working capital requirements are to be met by cash-credit arrangements with commercial banks. The imbalance between debt and equity is significant in the case of some units, as may be seen later.
- (b) Turnover—The sales turnover of the undertakings has not been steadily going up. There was a set back in the turnover of I. D. C. from 1965-66. No improvement was noticeable in the turnover of O. M. C. as well. The turnover of O. C. C. was very high in 1965-66 due to completion of work brought forward from previous years.

The ratio of turnover to capital employed (considering of net fixed assets plus working capital) has been as under:

Year		Capital employed	Turnover
1961-62		1:	0.22
1962-63		1:	0.37
1963-64	• •	1:	0.47
1964-65		1:	0.63
1965-66		1:	0.71
1966-67		1:	0.34

As a measure of efficiency in the use of funds, the ratios are rather disappointing. It is true that the figures may have been depressed to some extent as the working capital includes the amount required for expansion projects also but even this adjustment is not likely to alter the position materially.

(c) Cost of Sales—The percentage of the cost of sales (which has a direct bearing on the utilisation of the capacities created) to turnover, as indicated hereunder, has varied from year to year affecting the profitability position:

1961-62	লক্ষমণ স্থল	114.75
1962-63	••	101·19
1963-64	••	95.62
1964-65	• •	90.55
1965-66	••	99.82
1966-67	••	99·51

(d) Depreciation—All the units are providing depreciation on assets taken into use at income-tax rates. The total cumulatives depreciation provided by the three units reviewed in 1966-67 (I. D. C., O. M. C. and O. C. C.) up to the end of that year is Rs. 102.60 lakhs representing 18.7 per cent of the Gross Block of Rs. 548.43 lakhs.

(e) Working Capital—Besides the fixed capital required for creation of capital assets, industrial and commercial enterprises have also to raise funds for working capital which is meant to provide the cash and other current assets (inventories, receivables, etc.) expected to be required during the operating cycle of a business. While assessing the needs of working capital, current liabilities (sundry, creditors, provision for liabilities, etc.) are off-set from the figure of current assets. The requirements of working capital vary from industry to industry and within individual units of the same industry and depend on a number of factors like the nature of the business, size of the concern, length of time of the manufacturing process, stocking limits of inventory, credit available and allowed on purchases and sales, etc.

The total working capital of the industrial undertakings under review has varies from Rs. 66 lakhs to Rs. 436 lakh. The position in terms of number of month's sales turnover is as under:

As on 31-3-1962	(No.4)	 51.50
As on 31-3-1963	TATE	 20.57
As on 31-3-1964		 15.31
As on 31-3-1965	सन्यमेव जयते	 9.35
As on 31-3-1966		 8.35
As on 31-3-1967		 16.81

As already stated, the correct picture of working capital for production was not available in many cases, as it was mixed up with the requirements for expansion projects as well. The cash and bank balances, in some cases, seem to be rather abnormal, leaving scope for considerable reduction.

(f) Inventories—Inventories form a major part of the working capital and has varied from Rs. 12 lakhs to Rs. 375 lakhs. The inventories not only represent the materials in respect of production work but also those required for construction, as some of the undertakings were engaged in expansion

schemes under progress. In terms of the number of month's sales turnover, the inventory position was as under:

As on 31-3-1962	• •	9.64
As on 31-3-1963	• •	17·19
As on 31-3-1964	• •	11.18
As on 31-3-1965	• •	13.98
As on 31-3-1966	• •	6.45
As on 31-3-1967	• •	11.22

Constant endeavour should be made to keep the inventories at economic levels, as excessive holdings of inventories would adversely affect the profitability position.

(g) Gross Profit—Gross profit in this report denotes the excess of income over expenditure after providing for interest, taxes and appropriation to reserves. There was no gross profit in 1961-62 and 1962-63 while the profit figures for the other years are not significant. The gross profit earned during the past six years in absolute terms and the percentage it forms to capital employed as also sales turnover is given in the following table:

	1961-62	1962-63		1964-65 lakhs)	1965-66	1966-67
Gross Profit	2.58	-0.62	9.26	30.40	1.12	1.45
Percentage of Gross Profit to capital employed.	Loss	Loss	2.07	5.97	0.13	0.17
Percentage of Gross Profit to sales	Loss	Loss	4.38	9.45	0.18	0.49

The above table would indicate that the performance of the undertakings has not been encouraging.

(h) Net Profit—While the position of gross profit is far from satisfactory, the position of net profit is still worse. For the purpose of this report, net profit represents gross profit minus provision for interest on loans and taxes as well as non-operating expenses but before appropriation to reserves (including the Development Rebate Reserve). The net profit and its yeild in terms of equity and net worth (this has been

taken as paid up capital plus reserves less intangible assets like the Deferred Revenue Expenditure) are tabulated below:

1961-62 1962-63 1963-64 1964-65 1965-66 1966-67 (Rs. in lakhs)

Net Profit	-2.24	1.72	3.04	10.54	—6 ·35	5.74
Percentage of net profit to equity	Loss	Loss	0.61	1.24	Loss	Loss
Percentage of net profit to net worth	Loss	Loss	0.61	1.23	Loss	Loss

The I. D. C. has incurred a substantial loss in 1966-67 while the O. M. C. has shown a positive result only during that year. The O. C. C. has been showing profit in all the years, though it is not commensurate with the capital employed. After a nominal profit during the years 1962-63 to 1964-65, the Fisheries Development Corporation has shown a loss in 1965-66 which has more than wiped of the accumulated profits. The performance of the Forest Corporation also is similar. The accounts of the Transport Corporation are only exhibiting losses year after year. The following profitability ratios will explain the position:

- (i) Percentage of net profit to paid up capital
- (ii) Percentage of gross profit to capital employed

1961-62 1962-63 1963-64 1964-65 1965-66 1966-67 (Rs. in lakhs) 1. I. D. C.-HE HE 0'42 0.55 (i) Net profit 0.881.65 Loss 3.22 Loss (ii) Gross profit 1.09 2.76 2. O. M. C.— (i) Net profit 1.42 Loss Loss Loss Loss Loss . . 0.51(ii) Gross profit Loss Loss Loss Loss Loss 3. O. C. C.— 0.72 (i) Net profit 4.90 0.2010.70 4.84 3.48 2:42 (ii) Gross profit 0.84Loss 3.86 4. Fisheries Corporation— (i) Net profit 0.06 0.17 0.36Loss (ii) Gross profit 1.00 Loss Loss Loss 5. Forest Corporation -5.03 4.36 11.29 Loss (i) Net profit 15.15 8.87 12.26 Loss (ii) Gross profit 6. Com. Transport-(i) Net profit Loss Loss Loss Loss (ii) Gross profit

(i) Dividends—The Forest Corporation has declared a dividend of 3% on equity in 1963-64 and 4% in 1964-65 while the O. C. C. has done so in 1965-66 at 2% on paid up share capital. The amounts when related to the total paid up capital of all the undertakings yield the following percentages:

1963-64	1964-65	1965-66
0.21	0.16	0.05

In absolute terms, the dividends declared amount to Rs. 3.01 lakhs only.

- (j) Reserves and Surplus—The total net appropriation to reserve (mainly Development Rebate Reserve) after adding/deducting accumulated profits/losses as on 31-3-1967 was only Rs. 11·20 lakhs. This, when compared with the equity capital of Rs. 1,278·71 lakhs as on that date, works out to less than 1 per cent.
- (D) Performance of individual undertakings—To appreciate the working of each undertaking, the balance sheet and profit and loss account of each and their sub-units have been analysed and profitability and other ratios have also been worked out in the following annexures. Each annexure consists of three tables; the first one giving an analysis of the balance sheets from inception of the company to 31-3-1967, the second showing the working results and the third containing profitability and other ratios:

Name of the Unit	Ref. to Annexure
1. (a) The I. D. C. of Orissa Ltd	II
(b) Particulars of Investment made by I. D. C.	II-A
(c) Balance sheet analysis in respect of project under development by I. D. C.	II-B
(d) Particulars of capital works in progress in projects under development by I. D. C.	II-C
2. Hirakud Industrial Works & Railway System (a unit of I. D. C.)	Ш

	Name of the Unit	Ref. to Annexure
3.	Kalinga Iron Works (a unit of I. D. C.)	IV
4.	Head Office of I. D. C. dealing with investments, etc.	V
5.	Tiles Factory (a unit of I. D. C.)	VI
6.	The Orissa Mining Corporation Ltd.	VII
7.	The Orissa Construction Corporation	VIII
8.	The Orissa Forest Corporation Ltd	IX
9.	The Orissa Fisheries Development Corporation Ltd.	X
10.	The Orissa State Commercial Transport Corporation Ltd.	XI

The salient features of the performance of each undertaking are discussed in the following paragraphs:

The Industrial Development Corporation of Orissa Ltd.—For analysis of accounts, please see Annexure II. The analysis of balance sheet in respect of projects under development is at Annexure II-B. Details of the capital expenditure incurred on projects under development may be seen in Annexure II-C.

The projects seem to have taken an unduly long time for completion with the result that there has been no return on the equity capital invested on their development. According to Section 208 of the Companies Act, where any shares of a company are issued for the purpose of raising money to defray expenses of the construction of any work or building or the provision of any plant, which cannot be made profitable for a lengthy period, the company may pay interest on so much of that share capital as is for the time being paid up, for the period and subject to the condition and restrictions mentioned in sub-sections (2) to (7) and charge the sum so paid by way of interest to capital as part of the cost of construction of the work or building or the provision of the plant. It is not clear why I. D. C. or other Corporations like the O. M. C. have not taken advantage of this provision if the development of these projects would necessarily involve lengthy periods.

The Bargarh Cement Factory is in the last phase of erection and trial operations have already commenced. The Cable Plant and Re-rolling Mill at Hirakud are also expected to go into production during the current year while the Ferro-Chrome Plant at Jajpur Road is still in the erection stage.

The estimated capital cost of these projects, expenditure incurred up to August, 1967 and the balance amount required to commission the project as furnished by I. D. C. is given below:

Estimated Cash required* Expenditure

capital cost for going into incurred up to

Balance

amount requ-

	•	production	August 1967	ssion the project
			(Rs. in lakh	s)
1. Bargarh Cement Factory	739.41	615.48	554.94	60'94
2. Hirakud Cable Plant	228.35	124.26	99.26	25:30
3. Hirakud Re-rolling Mill	104:44	104 ·4 4	56.00	48'00
4. Jajpur Road Ferro-Chrome Plant.	658.47	474.59	48'86**	263.00

The expenditure incurred by the Corporation up to 31st March 1967 on Talcher Integrated project is Rs. 17.53 lakhs. This project has been stopped for the present in view of the non-availability of funds. The Corporation has also spent small amounts on other projects, the future of which do not seem to have been decided.

The Corporation has invested in the shares of companies in the private sector as per details in Annexure II-A either as a result of its objective of assisting those industrial undertakings or as part of its function of underwriting share issues. No return has so far been received on these investments. Of the companies, in which investment has been made, M/s. Indian Metals and Ferro-Alloy Ltd. Jayashree Chemicals Ltd., and East Coast Salt and Chemical Industries Ltd., have commenced trial production. The last named company is a subsidiary of I. D. C. Besides these investments, I. D. C. has purchased $5\frac{1}{2}$ per cent Orissa Government Loan Bonds for

Note—*The balance will be met out of internal resources of the unit and foreign credit. The capital cost of the project and cash requirement is likely to go up because of devaluation and delay in commissioning.

^{**} There seems to be a discrepancy in the figure.

Rs. 28.01 lakhs in 1965-66. This transaction is rather strange as the Corporation's only source of finance is the Orissa Government. The Corporation has been investing in fixed deposits also as indicated in Annexure II (Table I), probably when it had more resources than its immediate requirements. The performance of the I. D. C. as a whole has not so far been commendable as may be seen from the ratios given in Annexure I (Table III).

Hirakud Industrial Works and Railway System—For analysis of accounts, please see Annexure III.

Kalinga Iron Works—For analysis of accounts please see Annexure IV.

The proposed outlay for implementation of the entire expansion programme is Rs. 910.78 lakhs, out of which the cash required for going into production is Rs. 792.91 lakhs, the balance being met out of the internal resources to be generated by the unit. The sum spent up to August 1967 is reported to be Rs. 560 lakhs.

The total actual investment in this unit as on 31st March 1967 stood at Rs. 826·13 lakhs represented by:

Net fixed assets ... Rs. 39.72 lakhs
Capital works in progress ... Rs. 733.53 lakhs
Working capital ... Rs. 51.93 lakhs
Deferred Revenue Expenditure ... Rs. 0.95 lakhs

Rs. 826·13 lakhs

The profitability position of this unit was good in 1964-65 but in other years, the position is not so. The company has incurred a net loss of Rs. 5.60 lakhs in 1966-67. The expansion schemes were taken up about 5 years back and have not yet come to fruition. As per contractual provision with the Kalinga Industries Ltd., this unit has also to make certain annual payments to Kalinga Institute of Technology. (This has come to an annual payment of Rs. 1.73 lakhs so far.)

Head Office of Industrial Development Corporation—For analysis of accounts please see Annexure V. The Head Office of I. D. C. looks after the investment side of the company, besides exercising supervision over development projects and producing units.

Tiles Factory—For analysis of accounts, please see Annexure VI.

The Orissa Mining Corporation Ltd.—For analysis of accounts, please see Annexure VII. The O. M. C. was incorporated on the 16th May 1956. The Central Government and the Orissa Government were then holding shares in equal proportion in the Corporation for about five years. During 1961-62, the State Government purchased the shares of the Central Government and reconstituted the Board of Directors for convenience in administration. Despite its existence for over a decade, the performance of O. M. C. has not so far been impressive. The highest sales turnover reached was Rs. 33.38 lakhs in 1963-64. From 1961-62, the year in which O. M. C. became a full-fledged State enterprise, the Corporation has been incurring losses but earned a small profit in 1966-67. The overall position is one of loss, and the O. M. C. has not declared any dividend on equity so far. The investment in this Company as on the 31st March 1967 stood at Rs. 8.72 crores as under:

Net fixed assets
Capital works in progress
Development and prospecting expenditure.

Investments
Rs. 288·78 lakhs
Rs. 47·83 lakhs
Rs. 173·84 lakhs
Rs. 173·84 lakhs
Rs. 2·99 lakhs
Working capital
Rs. 38·85 lakhs
Rs. 319·26 lakhs

The Orissa Mining Corporation has invested a major part of its funds in Daitari and Dungri, two mines which have not gone into full production. In the case of Dungri, a limestone project, production was started in 1966-67 while Daitari Iron-Ore Project is yet to go into production. The working capital shown in the analysis of balance sheet is not only in respect of the producing mines but to a great extent in respect of the two developing mines as well. Similarly, a portion of the net fixed assets may pertain to developing mines. The exact figures for the different mines was not readily available. In view of this, the profitability ratios worked out may not be exactly correct. However, the indication (which these profitability ratios have disclosed) that the performance of O. M. C. has until now been far from satisfactory will not undergo a change, even if adjustments are made concerning the capital employed in developing mines. According to O. M. C., the position is, however, expected to improve in 1967-68 as the turnover in that year is anticipated to be of the order of nearly a crore of rupees.

As already indicated, the two important projects of O. M. C. are the Daitari Iron Project and the Dungri Limestone Project. The expenditure incurred on these projects and further requirements of funds, according to O. M. C. are as given below:—

Daitari Iron Ore Project-

- (i) Total outlay ... Rs. 9.36 crores
- (ii) Expenditure in- Rs. 7.09 crores curred till end of September 1967.
- (iii) Balance require- Rs. 2.27 crores (includes Rs. 1.01 ments. crores for deferred payment after 1967-68).
- (iv) Requirement in Rs. 1.26 crores 1967-68.

Dungri Limestone Project—

- (i) Total outlay ... Rs. 1.68 crores
- (ii) Expenditure in- Rs. 0.30 crores curred till end of September 1967.
- (iii) Balance requirement yearwise:

1967-68 Rs. 0.38 crores 1968-69 Rs. 1.00 crores

The O. M. C. is stated to be facing acute shortage of capital investment. In this context, it is rather surprising to find that the Corporation had during 1966-67 invested nearly Rs. 39 lakhs in 5½ per cent Orissa Government Loan Bond.

Orissa Construction Corporation Ltd.—For analysis of accounts, please see Annexure VIII. This Corporation came into being on 22nd May 1962 and has been consistently showing net profit since that year, though the profits earned may not be considered as adequate compared with the investment. The turnover of this unit was very high in 1965-66 due to completion of work brought forward from previous years, as the procedure followed by the company up to 1964-65 was to ascertain profits on completed works only. From 1965-66,

this methoed has been changed and the profits are assessed even on incomplete works. The Corporation has got certain specialised type of machines and equipment required for construction of bridges and these cannot always be utilised for want of that particular type of work. The O. C. C. has declared a dividend of 2 per cent on equity capital of Rs. 28.27 lakhs in the year 1965-66 only.

The Orissa Forest Corporation Ltd.—For analysis of accounts, please see Annexure IX. The Orissa Forest Corporation commenced its business with effect from the 4th October 1962. The Corporation was formed to undertake proper and scientific exploitation of the forest resources in the State and other allied activities in order to obtain maximum financial outturn. The investment in this organisation as on 31st October 1966 was about Rs. 74 lakhs, comprising net fixed assets Rs. 18 lakhs, working capital Rs. 54 lakhs and investments Rs. 2 lakhs. It was earning moderate profits in the first three years of its working and has also declared a dividend of 3 per cent on equity shares in 1963-64 and 4 per cent in 1964-65, the total amounting to Rs. 2·45 lakhs.

It has, however, incurred a substantial loss of Rs. 10.61 lakhs in 1965-66, which has more than wiped off accumulated profits. The inventories held by this company have been going up year after year. The value of these inventories as on the 31st October 1966 was Rs. 161.53 lakhs. Most of these are represented by stock of timber and, with such huge stocks, the possibility of deficiencies or deterioration in stock cannot be ruled out.

As regards additional capital required, the Corporation has stated that the Board of Directors have decided to ask for Rs. 5 lakhs as share capital in 1967-68. A sum of Rs. 10 lakhs has been shown in cash flow estimates as increase in share capital in each year from 1968-69 to 1974-75 as the expected share capital subscription from the State Government. Besides this, the Corporation has borrowed Rs. 40 lakhs during 1967-68 and its repayment and further expected borrowing of a modest sum of Rs. 10 lakhs has been shown in the cash flow estimates. The Corporation has submitted that "in order to case the cash resources and to embark upon expansion in new areas of forest that are going to be leased over from year to year by the State Government, it is necessary that a sum of Rs. 35 to 40 lakhs, in addition to the share capital increase envisaged the estimates, be advanced as loan by the State

Government on low interest rates, as borrowings from commercial banks will involve high interest rates". It has also been stated that most of their funds are locked up in sundry debtors who are mainly State Government Departments and undertakings though every effort was being made to realise them.

Orissa Fisheries Development Corporation Ltd.—For analysis of accounts, please see Annexure X.

Of all its activities, the company has earned some profits in the marketing of nylon yarn and incurred losses in other activities. The company has complained that it has not had a free hand in the matter of fixation of sale prices for fish due to public pressure while they could not procure fish at economic rates due to competition. The company does not enjoy monopoly fishing rights in the State as the work is carried on side by side departmentally also. The company has earned negligible profits in the first three years of its operation, mainly due to its income on investments and a loss of about Rs. 0.87 lakhs in the fourth year which has wiped off the accumulated profits, leaving a net loss of Rs. 0.70 lakhs. A grant of Rs. 2.93 lakhs given by the Government of Orissa for special Development Programme has been taken under 'Reserves'. The accounts for the year 1965-66 have not been finalised while those for the year 1966-67 are in arrears. The Corporation has invested a part of its funds in fixed deposits presumably due to its inability to use them on the objectives for which it was set up.

The Orissa State Commercial Transport Corporation Ltd.—For analysis of accounts, please see Annexure XI. This Corporation commenced its business in February 1964. The position of accounts of this company is rather unsatisfactory as it has closed its accounts only up to the 31st March 1966 and the balance sheet for the year ending 31st March 1967 was stated to be under audit. Even a provisional copy of the balance sheet and profit and loss account for 1966-67 could not be made available by the company. The investment in this company as on 31st March 1966 was about Rs. 75 lakhs, comprising not fixed assets Rs. 33 lakhs, fixed deposits Rs. 16 lakhs, working capital Rs. 23 lakhs and Deferred Revenue Expenditure Rs. 3 lakhs. During the first two years of its operations, the company has incurred a net loss of Rs. 0.82 lakhs and Rs. 1.19 lakhs respectively.

A complete picture of the up-to-date performance of this Corporation is not however available due to incomplete state of accounts.

As regards additional requirement of funds in the future, the corporation has stated that the authorised capital of the Corporation of Rs. 2 crores has been fully paid up. The Corporation has also received Rs. 1.64 crores from Government as loan. In 1968-69, it will need another Rs. 1.20 crores and the Government has been requested to provide the amount.

(E) General Financial Considerations—The position of financial control and accounting leaves much scope for improvement in almost all the undertakings. There is no system of budgetary control and comparison of actual expenditure against budgeted figures. Such a comparison both in fiscal and physical terms is essential for the efficient functioning of any organisation. The units should also have cost and management accounting for control of costs and eliminating waste and losses. The Kalinga Iron Works seems to have a Cost Accountant functioning at Calcutta. This is of little use to the Factory Management at Barbil. Cost Accountants should be posted to the various units so as to be of timely use to the local Managers. The Fisheries Development Corporation does not even seem to have a qualified accountant with the result that the accounts are in arrears. The position is not much better in the other undertakings as well as could be seen from the delay in publishing the accounts for 1966-67. The expenditure on development/expansion and production has not been kept separately in all cases. The O. M. C. has stated that it does not maintain separate accounts for each constituent unit. Without a break-up of the expenditure and income of the various activities of a Corporation, it is difficult for it to ascertain which of its schemes are earning profits and which are losing. The investments in the Corporation are very substantial. Competent Financial Advisors should be posted to the various undertakings to be in overall charge of the finance and Accounts Departments. They should see that the finances of the Corporation are put to profitable use, all schemes having a financial bearing are properly scrutinised and the schemes are executed according to plan. They should also ensure that an efficient system of budgetary control is introduced over revenue and capital expenditure and receipts and budget and cash flow statements are prepared both on a longterm and short-term basis, and put to proper use. They should also pay attention to such matters like internal audit, cost control, cost reduction, management, accounting, etc.

ANNEXURE I

Table I—Consolidated Balance Sheet

(Rs. in lakhs)

				As	on -		
		31-3-62	31-3-63	31-3-64	31-3-6	5 31-3-60	31-3-67
	A. Liabilities-						
1. (a)	Paid-up capital	75.00	220.01	486.00	774.00		, 2 39·46
(b)	Advance against future issue of shares.		77.50	4.27	74.69	193·12	39·25
2.	Reserves and Surplus	-1.85	2.91	7.17	19.13	13.34	11.20
3. (a)	Loans from Govern- ment of Orissa.		••	62.50	130.29	582.79	712.50
(b)	Other loars		139.99	225.62	465.44	71 0 ·29	990-33
4.	Current liabilities and provisions—						
(i)	Sundry creditors	0.11	34.78	145.19	326.02	292:27	267.32
(ii)	Provision for taxation	1	0·74	1.89	13.87	3.92	0.93
(iii)	Other liabilities and provision.	3.35	64.33	63.82	88.60	111.48	44.12
	Total	76.61	534.44	1,006.46	1,892.04	2,892.30	3,305·11
	B. Assets—	7.0	NA				
	fixed a sets (excludin al work in progress).	g 7·24	5 5· 80	2 06·14	319.72	532. 2	548.43
6. Depre	eciation	. 1.81	5.62	28.97	56.53	8 6 ·8 8	102.60
7. Net fi	xed assets	. 5.43	50.18	1 7 7·1 7	263·19	446 0 4	445.83
8. (a) C a	pital work in progres: .	सन्ध	56.48	219.82	813.62	1,295•4	1,826.84
	evelopment and Prospecing expenses.	.	9.91	31.38	60.23	99.80	173.84
9. Invest	ments	. 0.63	3 ·63	13.25	18.74	55.68	118.28
10. Fixed	depo its .		218.56	74.30	49.64	139.04	1.00
11. Defer	red Revenue expenditur	e 0.74	6.52	9· 9 5	11.79	13.01	10.26
12. Curre	ent assets						
(i) In	ventories .	. 12.42	74.64	196.86	374.86	336.76	278 ·0 5
	ook debts	. 1.5	19.33	67 '71	96.55	142.75	72.38
` ` (ash and Bank balanc including call deposits).		55.08	146.58	73.73	136.30	66.32
	oans and advances	. 2.79	12.40	59·42 10·02	117·13 12·56	206·88 20·63	294·53 1 7·7 8
(v) Ot	her assets .		27.71	10.02	12-30		17.70
	Total	76.61	534.44	1,006.46	1,892.04	2,892.30	3,305·11
C. Worki	ng capital (12 minus 4)	. 66.35	89.31	269-69	2 46·34	435.65	41 6 69
D. Capita	I employed (7 plus C)	71 78	139.49	446.86	509.53	881.69	862 52
E. Net wo	orth (1 plus 2 minus 11)	. 72.41	288.08	497•49	855.03	1,178.54	1,279.65

ANNEXURE I Table II—Consolidated Working Results

1

(d) 1966-67

(Rs. in lakhs)

I. D. C., O. M. C. and O. C. C. (The accounts of other units have not been closed.)

			1961-	62 1962-6	3 1963-64	1964-65	1965 66	1966-67
I . Sales/	Operating Income		15.46	52.11	211.35	321-71	626-28	297.38
2. Cost	of sales—							
<i>(i)</i>	Raw materials commed and other man facturing expenses.		1.25	2 ·59	132:55	25 6 ·6 7	321-33	205·87
(ii)	Salaries wages a of er benefits employees.	and to	4-91	15.87	33·3 1	54.94	71.14	73.52
(iii)	Opening stock of f shed goods and work progress.		11.34	17.78	47.75	136.53	294.28	64·24
(iv)	Less: Closing stock finished goods a work in progress.	of – ind	-10.79	·· 47·75 -	136•53	294·28 ·	—229·2 6	—104·0 2
(v)	Depreciation		0.63	3.75	23.14	28.85	3 0 ·66	27.11
(vi)	Other expenses		10.40	41.49	101.88	108.60	137.01	29.21
	Total		17.74	52.73	202·10	291.31	625.16	295.93
3 Gro	oss prefit (1 minus 2)	_	- 2.28	0.62	9.26	20.40		
4. Add	- ,	_	- 4.70	2.4 0.02	9.20	30.40	1.12	1.45
				VA VVI	I)			
`	Non-operating inco		.40		13	• •	• •	• •
(ii)	Income on investme	ents	0.04	4.00	3.72	1.82	2.22	1.67
(iii)	Prior period receipts	3	-16		0.60	0 29	2.45	0.29
5. Less	s				1000			
(i)) Intere t paid			3.97	4.20	5 ·93	5.83	6·1 0
(ii)	Deferred Revent expenditure.	ue		0.27	••	1.78	0 ·29	0.52
(iii)	Prior period expense	es			0.10	1.30	2.82	0.12
(iv)	Payment to Kal i n Institute (contrac obligation).		• •	• •	1.42	1.91	1.63	1.93
6. Les	s Tax provision			0.86	4.82	11-12	1.57	0.48
7. Net	profit after tax		- 2-24	- 1.72	3.04	10.54	 6·35	— 5·74
8. Div	idend declared		•		1.05	1.40	0.56	• •
9. Reta	ained profits		2.24	1.72	1.99	9.14	6.91	5.74
No	ote—This analysis in units:—	Anne	xure I	(Tables I	and II) is	in respe	ect of th	e following
	Year				Uı	nits		
	(a) 1961-62			Orissa N	ining Co	r poratio	n	
	(b) 1962-63 and 196	63- 64	••	Minin	al Develo g, Orissa Corpora	Constru	Corporat ction, Fi	ion, Orissa sheries and
	(c) 1964-65 and 196	65 -6 6		Commercunits u	cial Tran entioned	port Cor at (b).	poration	besides the
	(1) 1066.67			T D 0	0 14 0		~ ~	

Table I-Balance Sheet

The Industrial Development Corporation of Orissa, Limited

(Rupees in lakhs)

			As on	(,
	31-3-1963	31-3-1964	31-3-1965	31-3-1966	31-3-1967
A. Liabilitie —	D. D 1900	31 2 1704	31-3-1705	31-3-1700	31-3-1507
1. (a) Paid-up capital	100.00	231.00	444.00	535.44	850.44
(b) Advances against future issue of shares.	62:51	14.27	41.69	164.25	39.25
2. Reserves and surpluses	0.69	3.31	11:31	15.15	4.32
3. (a) Loans from Government of Orissa.	• •	50.00	90.00	497.00	540.00
(b) Other loans		86.51	304.69	369.09	586.07
4. Current liabilities and provision—					
(i) Sundry creditors	5.71	30.91	76·2 0	93.61	65.34
(ii) Provision for taxation	0.43	1.81	6.30	1.38	• •
(iii) Other provisions	0.83	220.	6.06	8.76	12.62
Total	170-17	467:81	980.25	1,684.68	2,198.04
B. Assets—		1000			
5. Gross fixed assets (excluding capital work in progress).	11.65	91.32	122.46	144.89	147.65
6. Depreciation	0.34	13.05	26.02	36.33	47.22
7. Net fixe J assets	11.31	78 2 7	96.44	108.56	10 0 ·43
8. Capital work in progress	56.14	213:52	783.38	1,242.56	1,778.84
9. Investments	3.00	12.62	167 7	53.07	79.43
10. Fixed depc sits	79•20	22.54	4 08	108:34	1.00
11. Deferre J Revenue expenditure	4.50	6.89	4.27	3.36	2.95
12. Current A sets-	सन्द्रमन	जयत			
(i) Inventories—					
(a) Raw materials and stores.	1.98	22.34	20.07	44.14	91•73
(b) Finished goods	• •	3.15	8.17	20.48	31.50
(c) Work in progress	0.91	1.94	2.80	6.49	8.45
(ii) Book debts	2.80	9 63	13.12	16 ·0 7	18.89
(iii) Cash and Bank balances	6::1	109 47	16.72	43.01	15.29
(iv) Loans and advances	3.82	9· 7 7	14-11	35.32	65.48
(v) Other Assets		0.21	0.32	3.28	4.05
Total	170-17	467.81	980-25	1,684.68	2,198.04
C. Working Capital-					
(i) In projects under development.	••	6.97	19:02	—8· 53	4 5 •86
(ii) In projects which are working.	9.05	130.76	5.77	7 3· 57	103-29
D. Capital Employed in projects	Marcon .				
Which are working (7 plus 9 plus 10 plus C ii).	102 ·5 6	221.65	123•06	34 3 ·54	284·1 5
E. Not worth (1 plus 2 minus 11)	158.70	291•69	492•73	711.48	591.06

ANNEXURE II Table II—Working results

The Industrial Development Corporation of Orissa, Ltd.

(Rs. in lakhs) 1965-66 1964-65 1966-67 1962-63 1963-64 92.79 82.11 121.50 91.51 5.21 1. Sales/operating income 2. Cost of Sales -66.92 1.48 42.67 61.61 53.80 (i) Raw materials consumed and other manufacturing expenses 23.28 17.32 19.91 18.82 (ii) Salaries, wages and other 2.45 benefits to employees. 26.97 (iii) Opening stock of finished 0.91 5.10 10.97 goods and work in progress. 0.91 5-10 -10.97 -26.97 --39.95 of Closing stock (iv) Less finished goods and work in progress. 10.58 11.01 (v) Depreciation 0.34 12.71 12.96 0.73 7.48 10.83 12.81 9.98 (vi) Other expenses 96.78 4.09 75.99 99.44 80.44 Total -3.99 3. Gross profit (1-2)1.12 6.12 22:06 11 07 4. Add--(i) Non-operating income ٠. . . (ii) Income on investments ٠. 0.29 0.83 (iii) Prior period receipts 0.60 0.295. Less ---2.44 5.08 0.87 3.59 (i) Interest paid 1.78 (ii) Deferred revenue expenditure. 0.12 (iii) Prior period expenses 0.482.63 1.93 (iv) Payment to Kalinga Institute 1.42 1.94 1.63 6. Less: Tax provision 0.431.82 6.55 1.37 8.01 3.83 ---10.83 . Net profit (after tax) 0.69 2.61 8. Dividen I declared . .

0.69

8.01

2.61

3 83

- 10.83

9. Retained profits

Table III—Profitability and other Ratios

The Industrial Development Corporation of Orissa, Ltd. 1965-66 1966-67 1963-64 1964-65 1962-63 Fercentage of-17.93 3.22 Loss (i) Gross profit to capital 2.76 1.09 emplo, ed. 7.45 18.16 12:10 Loss 21.50 (ii) Gross profit to sales turnove:. 1.65 0.55 Loss 0.42 0.88 (iii) Net profit to equity ... 0.54 Loss 0.89 1.63 0.43 (iv) Net profit to net worth... (v) Dividend to equity . . 98.73 26.64 32.66 5.08 37.04 (vi) Sales turnover to capital employed. 13.36 19.11 0.57 9.65 (vii) Working capital in terms 20.84 of number of month's sales turnover. 8.75 14.57 4.01 3.07 (viii) Inventories in terms of 6.66 number of month's sales turnover. 1:2.16 1:1:23 1:0:81 1.0.79 Equity (ix) Debt/equity ratio only.

सत्यमेव जयते

ANNEXURE II-A

The Industrial Development Corporation of Orissa Ltd.

Particulars of investment made

(Rs. in lakhs)

		As on				
		31-3-63	31-3-64	31-3-65	31-3-66	31-3-67
1. Aska Co-operative Sugar Industries, Ltd.	Shares	3.00	3.00	3.00	3.00	3.00
2. Indian Metals and Ferro Alloys, Ltd.	Shares	••	9•62	13.75	22:00	22.00
3. Orissa Government Loan Bonds 5½ per cent.	Shares	••	••	••	28.91	28.01
 East Coast Salt and Chemical Industries (Subsidiary com- pany). 	Shares	••	••	• •	0.06	1 1 ·46
5. Jayashree Chemical, Ltd	Share		25	••	••	14.96
Total		3.00	12.62	16.75	53.07	79•43
	1518		79			

सन्धमेव जयते

ANNEXURE II-B

Table I-Balance sheet

Projects under Development (in I.D.C.)

(Rs.in lakhs)

			Ason		_
	31-3-63	31-3-64	31-3-65	31-3-66	31-3-67
A. Liabilities-					
1. (a) Paid-up capital	56·14	148-45	192-40	180.88	3 93 ·18
(b) Advances against future issue of shares.	•••	• •	26-21	148· 77	• •
2. Reserves and surplus	• •	••	••		· ·
3. Loans	• •	1 2·4 2	237.74	383-22	604 ·2 7
4. Current liabilities & provisions-		10.22	27.68	31-21	81.37
(i) Sundry creditors	••	10.22			01 31
(iii) Provision for taxation (iii) Other provisions	••	••	• •	••	••
(iii) Other provisions			··-		
Total	56·14	171-09	484.03	744.08	1,078-82
B. Assets—	GISH)		
Gross fixed assets (excluding capital work in progress).				••	••
6. Depreciation	Shift.		••	•• ,	• •
7. Net fixed assets	V/M i	πu .		••	
8. Capital work in progress	56.14	167.84	475-33	721:40	1,043-31
9. Investments				• •	• •
10. Fixed deposits	Maria San		••	••	
11. Deferred revenue expenditure	सन्दर्भ	व जयते	0.04		• •
12. Current assets—	(1:4)	14 41471			
(i) Inventories-					
(a) Raw materials & stores	••		••	4.37	19.05
(b) Finished goods		••	••		• •
(c) Work in progress		••			
(ii) Book debts				• •	
(iii) Cash and Bank balances		1.24	6:54	16.83	9 04
(iv) Loans and advances		2.01	2.12	0.94	6.88
(v) Other assets		••	••	0.54	0.54
Total	56.14	171.09	484.03	74 4·08	1,078.82
C. Working Capital (12 minus 4)	• •	6∙97	19:02	 8.5 3	 45·86
D. Capital employed (7 plus C).	• ••	• •		••	••
E. Net worth (1 plus 2 minus 11)	56 14	148.45	218.57	329.65	3 93 ·18
F. Inventories (2.1)	••	• •	••	• •	••

ANNEXURE II-C

The Industrial Development Corporation of Orissa, Ltd.

Particulars of Capital work in progress in Projects under development

(Rs. in lakhs)

	As on						
	31-3-1963	31-3-1964	31-3-1965	31-3-1966	31-3-1967		
1. Baragarh Cement Project	56.14	149.03	405.12	541.44	713•47		
2. Tiles Factory	• •	4.63	16.49	••	• •		
3. Hirakud Re-rolling Mill Project.	••	0.38	7:53	20.03	75.11		
4. Hirakud Cable Project	• •	11.00	27:99	127:23	189*87		
Jajpur Road Ferrochrome Project.	••	1.24	7.77	18 [.] 94	44.69		
6. Talcher Integrated Project	COR	1.02	5.54	11.97	17:53		
7. Kotpad Cement Project	4	0.05	0.02	0.05	0.02		
8. Ferro Vanadium Project		0.11	0.11	0.87	0.30		
9. Sumandi Salt Work	SEE SE	0.11	4.32	• •	••		
10. Power Tiller Project			0.44	0.65	0.92		
11. Jamankira Project	121	707	••	0.22	0.76		
12. Basudevpur Paper Project	114				0.04		
Total	56.14	167.84	475:33	721.40	1,043.31		

Table I-Balance Sheet

Hirakud Industrial Works (A unit of Industrial Development Corporation of Orissa, Ltd.)

(Rs. in lakhs)

			As on		
	31-3-1963	31-3-1964	31-3-1965	31-3-1966	31-3-1967
A. Liabilities—					
1. (a) Paid up Capital	2.51	16:41	30.08	27.18	28'22
(b) Advances against future issue of shares.	11'50	11.27	15'48	15.48	14.48
2. Reserves & Surplus	0.69	1.27	2.79	5.62	3:37
3. Loans	••	0.37		10.74	14 43
4. Current Liabilities and provisions—		10.00			
(i) Sundry creditors	5'71	6.42	12.23	18.75	19.98
(ii) Provision for taxation	0.43	0.36	0.78	0.81	••
(iii) Other provisions	0.83			••	••
Total	21.67	36.10	61.36	78.28	81.48
B. Assets—	VAC	747			
5. Gross fixed assets (excluding	11'24	13.76	37.55	41.03	42:46
work in progress). 6. Depreciation	0.35	1.46	2:90	4.44	6165
7. Net fixed assets	10.92	12:30	34.65	36.29	35.81
8. Capital work in progress	सन्दरम	The second second	0.21	0.57	1.48
9. Investments					
10. Fixed Deposits					
11. Deferred Revenue Expenditure					
12. Current assets					
(i) Inventories					
(a) Raw materials and stores	1.98	5.44	8.30	15.23	17.25
(b) Finished goods (c) Work in progress	0'91	1.94	2.80	6.51	8.24
(ii) Book debts	2.80	6.30	11.51	14.02	12.21
(iii) Cash & Banks balances (including call deposits)	1:37	0.24	1.76	1.07	0'20
(iv) Loans & Advances	3.69	0.36	2.02	4.26	5:72
(v) Other assets		0.14	0.08	0.30	0127
Total	21.67	36.10	61:36	78.58	81.48
C. Working capital (12-4)	3.78	7.94	13.19	21.86	24.21
D. Capital employed (7 plus C)	14.70	20.24	47.84	58.45	60.02
E. Net worth (1 plus 2 minus 11)	14.70	28.95	48.35	48.28	47.70
F. Inventories (12.1)	2.89	7:38	11'10	21.44	25'49

Table II—Working Results

Hirakud Industrial Works and Railway system

(Rs. in lakhs)

	As on						
1. Sales	1962-63 4'44	1963-64 14'00	1964-65 18 ¹ 7	1965-66 18 ⁻ 57	1966-67 14:04		
2. Cost of sales -							
 (i) Raw materials consumed and other manufacturing expenses. 	1*48	5:38	5.88	6.53	6'84		
(ii) Salaries, wages and other benefits to employees.	2.04	6.2	7:34	8.22	7.27		
(iii) Opening stock of finished goods & work in progress.	CTP II	0 [.] 91	1.94	2.80	6.21		
(iv) Less: Closing stock of finished goods and work in progress.	-0'91	-1.94	2.80	6'21	-8 ²⁴		
(v) Depreciation	0.32	1.12	1.48	1.79	2.50		
(vi) Other expenses	0.36	1.62	1.93	1.38	1'49		
Total	3.53	13.64	15:77	14.21	15.77		
3. Gross profit (1—2)	स्115 व	0.36	2:40	4.36	-1.73		
4. Add—							
(i) Non-operating income (ii) Income on investments (iii) Prior period receipts		0.60	0.53	0.28	0.52		
5. Less-							
(i) Interest paid		0.03	0.34	0.58	0.69		
(ii) Deferred revenue expenditure.	••	••	0.55	••	••		
(iii) Prior period expenses				1.03	0.12		
6. Less: Tax provision	0.43	0.37	0.81	0.80			
7. Net profit (after tax)	0.72	0.26	1.32	2.83	2.25		
8. Divident declared		• •	• •	••	••		
9. Retained profits	0.72	0.26	1'32	2.83	-2'25		

ANNEXURE III

Table III—Profitability and other Ratios

Hirakud Industrial works and Railway system

		1962-63	1963-64	1964-65	1965-66	1966-67
Percen	tage of					
<i>(i)</i>	Gross profit to Capital employed,	7.82	1.76	5.02	7·46	Loss
(ii)	Gross profit to sales turnover.	25.90	2.57	13.21	23.48	Loss
(iii)	Net profit to equity	5.14	2.02	2•90	6.63	Loss
(iv)	Net profit to net worth	4.90	1.93	2.73	5.86	Loss
(v)	Dividend to equity	••	••	• • .	ews	919
(vi)	Sales turnover to Capital employed.	30.20	69·17	37.98	31.77	23·39
(vii)	Working capital in terms of No. of months sales turnover.	10.22	6.81	8.71	14·13	20-69
(viii)	Inventories in terms of No. of months' sales turnover.	7.81	6.33	7.33	13.86	21.79
(ix)	Debt/Equity Ratio	Equity only.	1:74'81	Equity only.	1:3.87	1:3.03

सन्धमेव जयते

ANNEXURE IV

Table I-Balance Sheet

Kalinga Iron Works (A unit of I.D.C.)

(Rupees in lakh)

	As on				
	31-3-1964	31-3 1965	31-3-1966	31-3-1967	
A, Liabilities—					
1. (a) Paid up capital	42.12	195·36	269.48	363-34	
(b) Advances against future issue of share.	••	••	• •		
2. Resources and surplus	2· 0 4	1 0 ·30	12.22	6.62	
3. Loans	73.72	156 95	318·38	456.17	
 Current liabilities and provisions. 	••	• •	••	• •	
(i) Sundry creditors	1 3 ·31	18.36	20.10	56.36	
(ii) Provision for Taxation	1.45	5·5 2	0.57	••	
(iii) Other provisions,	(Cont)	6.06	8 ·6 6	12.50	
Total	132-64	392-55	62 9 ·41	89 √96	
B. Assets					
5. Gross Fixed Assets (excluding capital work in progress).	76-07	80.50	76.63	76-77	
6. Depreciation	11.48	22.60	30.12	37.05	
7. Net fixed assets	64.59	57.90	46.51	39.72	
8. Capital work in progress	36.60	30 6·26	519.43	733-53	
9, Investments		C15500	••		
10. Fixed deposits	सन्द्रमान व	1시점	• •	••	
11. Deferred Revenue Expenditure.	3·1 1	2.23	1.36	0.95	
12. Current assets (i) Inventories					
(a) Raw materials and stores.	16.90	11.77	22.05	54.00	
(b) Finished goods	3.15	8.17	20.48	28-77	
(c) Work in progress.		• •	• •		
(ii) Book Debts	3.33	1.91	2.02	6.30	
(iii) Cash and Bank balances	1.38	1.81	11.60	2.20	
(iv) Loans and advances	3.58	2.50	4.97	28.21	
(v) Other assets	••		0.99	1.18	
Total	132.64	392.55	629·4	894-96	
C. Working capital (12-4)	13.58	—3·78	32.78	51.93	
D. Capital employed (7 plus C)	7 8 ·1 7	54'12	79.29	91.65	
E. Net worth (1 plus 2 minus 11)	41.05	203.43	280-34	369.01	
F. Inventories (12·i)	20.05	19-94	42.53	82.77	

ANNEXURE IV

Table II-Working Results

Kalinga Iron Works

	(Rugees in lakhs)					
	196 3- 54	1)64-65	196 5-66	1966- 67		
1. Sales	66 ·51	3.33	71.49	74.55		
2. Cost of sales—						
(i) Raw material consumed and other manufacturing expenses.	37•2)	55.73	47.52	59•29		
(ii) Salaries, wages and other benefits to employees.	9 ·80	12:57	9.61	11.76		
(iii) Opening stock of finished goods and work in pro- gress.	••	3·16	8·1 7	20.48		
(iv) Less: Clossing stock of finished goods and work in progress.	-3 ·16	—8·17	 20·4 8	28·77		
(v) Depreciation	11.53	11:48	8.45	6•93		
(vi) Other expenses	5·30	8:90	10.93	6•54		
Total	6 0 7 6	83.67	64.23	76.23		
3. Gress profit (1 minus 2)	5.75	19.66	7 ·26	— 1·68		
4. Add:	सन्यमेव जः	ाने वि				
(i) Non-operating income	31-4-1-1		••			
(ii) Income on investments	• •	• •	••	••		
(iii) Prior period receipts	••		0.25	••		
5. <i>Less</i>						
(i) Interest paid	0.34	3.25	1.81	1 ·9 9		
(ii) Deferred Revenue expenditure.	••	1.56	••	••		
(iti) Prior period expenses		0.48	1.(0			
(iv) Payment to Kalinga insti- tute (contractual provision).	1:43	1.94	1.63	1.93		
6. Less: Tax provision	1.45	5•74	0.57			
7. Net profit (after tax)	2.04	6 ·6 9	1.0	5.60		
8. Dividend declared			••			
9. Retained profits	2.04	6.69	1.90	5· 60		

ANNEXURE IV

Table III-Profitability and other Ratios

Kalinga Iron Works

	1963-64	1964-65	1965- 66	1966- 67
Percentage of—				
(i) Gross Profit to capital employed	7·3 6	36.33	9.16	Loss
(ii) Gross Profits to sales turnover	8.65	19.03	10.16	Do.
(iii) Net profit to Equity	4.84	3.42	0.71	Do.
(iv) Net profit to net worth	4.97	3.29	0.68	Do.
(v) Dividend to equity		••	• •	
(vi) Sales turnover to capital employed	85.08	190-93	90.16	81-34
(vii) Working capital in terms of number of months sales turnover.	2.45	Minus	5•50	8-3 6
(viii) Inventories in terms of number of months sales turnover.	1.62	2.32	7.14	13.32
(ix) Debt/Equity Ratio	1:0.57	1:1-24	1:0.85	1:0:80

सन्यमेव जयते

Table I-Balance Sheet

Head Office of Industrial Development Corporation of Oriss, 1td.

(Rupees in lakhs)

				(Rupees	m iakns)	
				As on		
		1-3-1963	31-3-1964	31-3-1965	31-3-1966	31.3-1967
	A. Liabilities —					
1.	(a) Paid-up capital	41.36	74.02	26.16	45.40	51.41
	(b) Advance against future issue of shares.	51·0 0	3.00	••	••	232.77
2.	Reserves and Surplus			1.7 5	—1•7 8	1· 78
3.	Loans		50.00		1 43·0 8	37.68
4.	Current liabilities, and provisions—					
	(i) Sundry creditors	••	••		••	••
	(li) Provisions for Tax- ation.	••	0.96	17.93	22.07	5.86
	(iii) Other provisions	55	STEELS.	••	0.10	0.12
	Total	92.36	127.98	42:31	208.87	117 .08
	B. Assets—	"CASA"	111000	,		
5.	Gross fixed assets (excluding capital work in progress).	0.41	1•49	4 ·4 1	5.38	5.77
6.	Depreciation	0.02	0.11	0.52	0.93	1•32
7.	Net fixed Assets	0.39	1.38	3.89	4.46	4.45
8.	Capital work in progress	10-10-7	A CUAL	1.28	••	•
9.	Investments	3.00	12.62	16.77	5 3·0 7	79.43
10.	Fixed deposits	79.20		4.08	108.34	1.00
11.	Deferred Revenue Expenditure.	4.50	3.78	2·0 0	2.00	2.00
12.	Current Assets-					
	(i) Inventories	• •		• •	1.23	0.30
	(a) Raw materials and stores.					
	(b) Finished goods					
	(c) Work in progress					
	(ii) Book Debts	••	••	• •	ese	• •
	(iii) Cash and Bank Balances (including c 11 deposits).		106.31	6.61	13-50	3 ·68
	(iv) Loans and advances	0.13	3 ·82	7-44	24.85	24.16
	(v) Other assets	••	0.07	0.24	1.43	2.04
	Total	92.36	127-98	42:31	208.87	117:06
	C. Working capita! (12-4)	5-27	109,24	3.64	18.84	24.20
	D. Capital employed (7+9+10+C).	87.86	123.24	21.10	184.70	109.08
	E. Net worth (1 plus 2 minus II).	87·86	73.24	22:38	41.62	71.40
	F. Inventories (12·1)	••		••	1.23	0.30

ANNEXURE V Table II—Working Results Head office

			(Rupees in lakhs)		
	1962-63	1963-64	1 964 - 65	1965-6 6	1966-67
1. Operating income	0 ·7 7	1.60	• •	1.45	3.62
2. Cost of sale:—	•				
(i) Raw materials consumed and other manufacturing expenses.		••	••	••	••
(ii) Salaries, wages and other benefits to employees.	0.41	1.00	••	0•75	1.35
(iii) Opening stock of finished goods and work in progress.	• •	••	• •	••	••
(iv) Closing stock of finished goods and work in progress.	6.1	••	••	••	••
(v) Depreciation	0.02	0.03		0.07	0.15
(vi) Other expenses	0.37	0.26	• •	0.42	0.70
Total	0.80	1.59	•	1.24	2.20
3. Gross Profit (1 minus 2)	0.03	0.01	••	0-21	1.42
4. Adds—		Sept.			
(i) Non-operating income				••	• •
(ii) Income on investments	0.000	20.00	••		• •
(iii) Prior period receipts	सन्यमेव न	यतं \cdots	• •	••	426
5. Less—					
(i) Interest paid			۰۰	0.20	1.40
(ii) Deferred revenue expendi-		••	••	••	• •
(iii) Prior period expenses		• •		• •	
(iv) Payment to Kalinga Insti- tute (contractual provi- sion).	••	••	••		••
6. Less: Tax provision .		••	• •	• 4	t as
7. Net profit (after tax)	. 0.03	0.01	• •	0.01	0.02
8. Dividend declared .		••	••		••
9. Retained profits .	. 0.03	0.01	••	0.01	0.02

ANNEXURE V Table III—Profitability and other Ratios

HEAD OFFICE—INDUSTRIAL DEVELOPMENT CORPORATION

Percentage of	1962-63	1963-64	1964-6 5	1965-66	196 6- 67
(1)	(2)	(3)	(4)	(5)	(6)
(i) Cross profit to Capital employed.	Loss	0.01	••	0.11	1•30
(ii) Gross profit to Operating income	Loss .	0 ·63	••	16.68	39 ·2 3
(iii) Net profit to equity.	Loss	0.01	• •	0.03	0.03
(iv) Net profit to net worth.	Loss	0.01	••	0.02	0.03
(v) Div i dend to equity.	••		0.	••	••
(vi) Sales turnover to capital employed.	••			••	••
(vii) Working capital in terms of num- ber of months sales turnover.		Mark.	9	••	Ps
(viii) Inventories in terms of number of months sales turnover.	••)	••	- :
(ix) Debt./Eq u i t y Ratio,	Equity only.	1:1:54	Equity only.	1:0-32	1.2

Table I—Balance Sheet

Tile Factory (A unit of I. D. C.)

	(Rupees in lakhs)		
	31-3-1966	31-3-1967	
A. Liabilities—	10.50	14.20	
1. (a) Paid up capital (b) Advances against future issue of shares	12.50	14.29	
2. Reserves and Surplus	 0:91°	 3·89	
3. Loans	10.67	13.52	
4. Current Liabilities and provisions—	10 07	13 32	
(i) Sundry Creditors	1.48	1.80	
(ii) Provision for Taxation	••		
(iii) Other provisions		••	
Total	23.74	25.72	
method 254			
B. Assets—			
 Gros; fixed assets (excluding capital work in progress). 	2i·85	2 2· 6 5	
6. Depreciation	0.84	2.20	
7. Net fixed assets	21.01	20.45	
8. Capital work in progress	1.16	0.52	
9. Investments			
10. Fixed deposits			
11. Deferred Revenue Expenditure	••		
12. Current Assets—			
(i) Inventories—			
(a) Raw materials and stores	1.26	1-13	
(b) Finished goods		••	
(c) Work in progress	0.28	0.21	
(ii) Book Debts	916	0.08	
(iii) Cash and bank Balances	0.01	0.07	
(iv) Loans and advances	• •	0.51	
(v) Other assets	0.02	0.02	
Tetal	23.74	25.72	
C. Working capital (12 minus 4)	0.09	2.95	
D. Capital employed (7 plus C)	21·10	23.40	
E. Net worth (1 plus 2 minus 11)	11.59	10.40	
F. Inventories (12·1)	1.54	4.07	

Table II—Working Results

Hirakud Industrial Works and Railway Systems (T_i les factory)

	(Rs. ir	ı lakhs)
	1965-66	19 66- 6 7
1. Sales ···	••	0.28
2. Cost of Sales—		
(i) Raw materials consumed and other manufacturing expenses.	0 ·0 5	0•79
(ii) Salaries, wages and other benefits to employees.	0.21	1.90
(iii) Opening stock of finished goods and work in progress.	••	0.28
(iv) Less Closing stock of finished goods and work in progress.	0 0⋅28	2.94
(v) Depreciation	0.70	1•30
(vi) Other expenses	0.08	1.25
Total	0.76	2.58
3. Gross profit (1 minus 2)	0·76	2.00
4. Add		
(i) Non-operating income	••	-
(ii) Income on investments	••	••
(iii) Prior period receipts	••	929
5. Less—	0.15	1.00
(i) Interest paid	0.13	1 00
(ii) Deferred revenue expenditure	***	414
(iii) Prior period expenses	••	••
6. Less : Tax provision	•••	e:•
7. Net profit (after tax)	0 ·9 1	—3-0 0
8 .Dividend declared	••	cen con
9. Retained profits	-0.91	-3.60

Table III—Profitability and other Ratios Tiles Factory

	1	965-66	1 9 66-67
Percentages of—			
(i) Gross profit to Capital employed	••	Loss	Loss
(ii) Gross profit to Sales Turnover	••	Loss	Loss
(iii) Net profit to equity		Loss	Loss
(iv) Net profit to net worth		Loss	Loss
(v) Dividend to equity	•••		••
(vi) Sales turnover to capital employed	• •	••	2•48
(vii) Working capital in terms of No. of months' turnover.	sales	•••	61.03
(viii) Inventories in terms of No. of months' sales tur	nover		34.21
(ix) Debt/Equity Ratio		1:1-17	1:1.06



Table I-Balance Sheet

The Orissa Mining Corporation Limited

11	ic Offissa M	As on	Oration Lin	inicu	(Rs. in l	akhe)
A Ti-bilision	31-3-62	31-3-63	21.2.64	21 2 65	31-3-66	31 - 3-67
A. Liabilities	31-3-02	31-3-03	31-3-64	31-3-65	31-3-00	31-3-07
1. Paid-up capital—	75.00	75.00	105.00	105.00	0.51 00	221.00
(a) Government of Orissa.	75.00	75.00	125.00	195.00	251.88	331•88
(b) Government of India.	••	••	• •	••	••	••
2. Reserves and Surplus	-1.85	5.39	-4.84	2.80	3.20	1.17
3. Loans from—						
(a) Government of Orissa.	• •	••	• •	• •	57.00	172.50
(b) Government of	• •	• •	• •	• •	185.00	266.00
India. (c) Others		100.00	100.00	100.00	100.00	100.00
	••	100 00	100 00	100 00	100 00	100 00
4. Current liabilities and provisions—						
(i) Sundry Creditors	0.11	7.88	4.34	4.27	7:33	48.33
(ii) Provision for	1	04/340	10	••	••	··
Taxation.	3.35	6.93	13.66	24.47	39.51	28.63
(iii) Other provision and liabilities.	3.33	0 93	13 00	24 47	33.31	20.03
and inclinity.			200			
Total	76.61	184.42	238.16	320.94	63 7·2 2	948.50
B. Assets— 5. Gross fixed assets (including capital	7·2 4	17.32	6 0·92	102.20	233·84	321.70
work in progress).	1.01	2.40	0.05	14.20	20.72	22.02
6. Les:—Depreciation.	1.81	3.40	8.95	14.29	22:72	32.92
7. Net fixed assets	5.43	13.92	51.97	87.91	211.12	288.78
8 (a) Capital work in progress.	••	सन्दर्भव न	[यत	18.22	3 6·78	47.83
(b) Development and Prospecting Expenses.	••	9 ·91	31·38	60-23	99.80	173.84
9. Investments	0.63	0.63	0.63	0.63	0.63	38.85
10. Fixed deposit		101-17	50.87	••	•4•	•:•
11. Deferred Revenue Expenditure.	0.74	2.02	2.99	2.99	2.99	2.99
12. Current Assets— I. (a) Raw materials, stores and spare.	1.63	20.85	26.23	25.91	16 . 96	45.06
(b) Finished goods	10.79	11.92	17.58	17.09	24 ·5 5	58.89
(c) Work in Progress		•••		••	6.24	••
II. Book Debts	1.59	8.88	23.27	20.15	25.36	27.03
III. Cash and Bank balance.	53.01	11.84	5.80	20.47	79·2 5	49•33
IV. Loans and advances	2.79	3.28	27.44	67:34	133-54	214.90
17 O(1		_	4/ 74			
v. Other assets		•••				
Total	76.51	184-42	233·16	320-94	637-22	948.80

^{*} Treated as deferred revenue in company's balance sheet.

Table I-Balance Sheet

The Orissa Mining Corporation Limited

(Rs. in lakhs)

	Aş ön						
	31-3-62	31-3-63	31-3-64	31-3-65	31-3-66	31-3-67	
C. Working capital (124)	66-35	41.96	82.32	122-22	239·0 5	319-26	
D. Capital employed (7 plus C).	71.78	55.88	134.29	210.13	450.18	608:04	
E. Net worth (I plus 2 minus 11).	72·4 1	67:59	11 7 ·17	189 21	245.30	330.06	
F. Inventories	12.42	32.77	43.81	43.00	47· 7 5	104.95	



Table II-Working Results

The Orissa Mining Corporation Limited

		(Rupees in lakhs)					
	1961-62	1962-63	1963-64	1964-65	1965 6 6	1966-67	
1. Sales	15.46	24.32	33.38	26'05	25.19	30.38	
2. Cost of Sales—							
(i) Raw materials consumed and other mfg, expenses.	1.25	1.07	2.74	2.48	10.95	8.34	
(ii) Salaries, wages & other benefits to employees.	4 [.] 9 1	7-25	5*74	6.15	12.66	21.34	
(iii) Opening stock of finished goods & work in progress.	11•34	10· 79	11.92	17.58	17.69	30.79	
(iv) Less: Closing stock of finished goods & Work in progress.	(-,10179	(-)11 [.] 92	(-) 17 ·5 8	(-)1 7· 09	(-)30· 79	(-)58·89	
(v) Depreciation provision	0.63	1.53	4.93	6.02	8 ·42	10· 21	
(vi) Other expenses	10•40	18.71	28.27	13.30	7.60	16.49	
Total	17.74	27:43	36.02	28.44	25.93	37.28	•
3. Gross Profit (1 minus 2)	(-)2·28	(-)3·11	(-)2.64	(-)2· 29	(·) 0·74	3.10	
4. Add—Income on Investment	0.04	3.00	2.33	0.38	0.07	1.66	
5. Less—							
(i) Interest paid	••	3.97	3.25		0.07	0.08	
(ii) Deferred Rev. Expr.	• •	• •	••	• •		•, •	
6. Less; Provision for Tax	• •	••	••	••			
7. Net profit after Tax	(-) 2·24	(-)4.08	(-)3·56	(-)2·01	(-)0.74	4.68	
8. Dividend declared	• •				••	• •	
9. Retained profit	(-)2·24	(-)·40 3	(-)3·5 6	(-)2 ·01	(-)0.74	4· 6 8	

Table III-Profitability and other Ratios

The Orissa Mining Corporation Limited, Bhubaneswar

1961-62 1962-63 1963-64 1964-65 1965-66 1966-67

Percentage of						
(i) Gross profit to Capital employed.	Loss	Loss	Loss	Loss	Loss	0.21
(ii) Gross profit to sales	Loss	Loss	Loss	Loss	Loss	10.50
(iii) Net profit to equity	Loss	Less	Loss	Loss	Loss	1.41
(iv) Net profit to net worth	Less	Loss	Loss	Loss	Loss	1.42
(v) Dividend to equity			••			
(vi) Sales turnover to capi- 2 tal employed.	21.54	43.52	24.86	12.40	5.60	5.00
(vii) Working capital in terms 5 of No. of months' sales turnover.	51•50	20.70	29.59	5 6·30	113-88	126-11
(viii) Inventories in terms of No of months' sales turnover.	9 [.] 64	16:17	15.75	19.81	22.68	41.46
() = -1 1 2 1	uity nly.	1:0.75	1:1:25	1:1.95	1:0.74	1:0.62

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Table I-Balance Sheet

The Orissa Construction Corporation Limited.

(Rupees in lakhs)

		As on				
	•	31-3-63	31-3-64	31-3-65	31-3-66	31-3-67
A. Liabilities—		31 3 03	51-5 0.	51-5 45		
1. (a) Paid-up capital		10.00	10.00	15 00	28.27	57.14
(b) Advance against future issue of Shares.)f	• •	• •	5.00	26.87	••
2. Reserves and surpluses		0.49	0.51	2.64	5.81	5.71
3. (a) Loans from Government of Oris	sa		10·0 0	10.65	0.65	••
(b) Other loans and advances .	•	39.99	39.11	49.65	46.21	38.26
4. Current Liabilities & Provisions—					_	
(i) Sundry creditors (includin advances received agains work in progress).	g st	13.89	60.48	1 67 ·89	37.33	5 3·66
(ii) Provision for taxation .		0.25		••	• •	0.93
(iii) Other provisions & Liabilitie	s	0.16	3.14	9.77	16.65	2.87
Total .		64.73	123.24	260.60	161.85	158.57
B. Assets—	ĕ					-
5. Gross fixed Assets (excluding capita work in Progress).	al	16·14	32.04	55.89	74.66	79.0 8
6. Depreciation .	41.	1.40	3.85	9.65	16.14	2 2·4 6
7. Net fixed Assets	鳄	14.74	28.19	46 ·2 4	58.52	56 62
8. Capital work in progress .	셊	0.11	0.19	2.01	0.10	0.17
9. Investments				••	••	• • .
10. Fixed Deposits	વ્ય	17'13		••	10.00	••
11. Deserre 1 Rovenue Expenditure .			••	1.74	3.15	4-32
12. Current Assets—						
(i) Inventories—						
(a) Raw materials and stores		4.90	10.49		40.96	36.24
(b) Finished Goods	••	5.10	3.72	-	6.45	5.07
(c) Work in Progress	••	2.38	38.08	• • •	27.00	0.11
(ii) Book Debts	• •	1.81	6.06		37·90 4·42	26.48
(iii) Cash and Bank balances (includir call deposits).	ng	15.29	30.06		•	1.70
(iv) Loans and advances	••	2.99	15.45		6.47	14.15
(v) Other assets	• •	0.33	1.00	3.11	3.77	13.73
Total		64.78	123.24	260.60	161.85	158.57
C. Working capital (12-4)		18.50	31.24	32.95	36.02	40.00
D. Capital employed $(7+C)$		33.24	59.43	3 79.19	94.54	96.62
E. Net worth (1+2-11)		10.49	10.5	20.90	57.86	58 ·53
F. Inventories [12 (i)]		12.38	52.29	173.72	47.44	41•42

Table II-Working Results

The Orissa Construction Corporation, Ltd.

(Rupees in Lakhs)

		1962-63	1963-64	1964-65	1965-66	1966-67	
Sales		1.66	11.94	32.99	305.30	174.21	
Cost of Sales							
(i) Raw materials consumed an other manufacturin expenses.		4.08	36.02	109:79	121.78	1?0.61	
(ii) Salaries wages and oth benefits to employees.	er	3.86	5.88	20:35	28.36	29.90	
(iii) Opening stock of finishe goods & work in progress.			8·49	41.80	148·48	6.48	
(iv) Less: Closing stock of finish (-)8.59(-)41.80(-)148.48(-)6.48 (-)5.18 ed goods & working in progress.							
(v) Depreciation		1.40	2.74	5.80	6.49	6.32	
(iv) Other expenses	Chi	0.53	1.25	0.67	3.32	3 ·74	
Total	1	1.38	12.28	29.93	302.01	171.87	
3. Gross Profit (1 minus 2)		0.58	<i>—</i> 0·64	3.06	3.59	2*34	
4. Add—	44.0	1111 1141	4				
(i) Non-operating income	• •	••	••	• •	• •	••	
(ii) Income on investments	• •	0 ·56	0.66	0.17	••	0.01	
(iii) Prior period receipts	• •	•••	• •	••	1.62	••	
5. Less							
(i) Interest paid				1.09	1.19	0.94	
(ii) Deferred Revenue Expr.		0.10			0.29	0.52	
(iii) Prior period expenses	, .						
6. Less—Tax provision		0.25			0.20	0.48	
7. Net profit (after Tax)		0.49	0.02	2.14	3.23	0-41	
8. Dividend declared					0.56	••	
9. Retained profits		0.49	0.02	2.14	2 ·67	0.41	

REMARKS—Up to 1964-65, profits were ascertained and exhibited in the accounts only when a work was completed and the expenditure till then was shown under work in progress. From 1965-66, this method has been changed and the profits are assessed even on incomplete works.

Table III-Profitability and other Ratios

The Orissa Construction Corporation Ltd.

	1962-63	1963-64	1964-65	1965-66	1966-67
Parcentage of—					
(i) Gross profit to Capital employed.	0.84	Loss	3.86	3.48	2.42
(ii) Gross profit to sales turnover	: 6.87	Loss	9.28	08	1.34
(iii) Net profit to Equity	4.90	0.20	10.70	4.84	0.72
(iv) Net profit to net worth	4.67	0.19	10.24	4.61	0.70
(v) Divident to equity	• •			1.02	
(vi) Sales turnover to Capital emloyed	4·99	20.09	41.66	322-93	180.30
(vii) Working capital in terms of No. of month; sales turnover.	133.74	31.40	11 09	1 42	2.76
(viii) Inventories in terms of No. of months' sales turnover.	89· 49	55.55	63·19	1.86	2.85
(ix) Debt/Equity Ratio	Equity only	1:1	1:1:88	1:84:83	Equity only.
- {	A THE COST	77.3			

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ANNEXURE 1X Table I—Balance Sheet The Orissa Forest Corporation Ltd.

(Rupees in lakha)

		As on			
4 77 1 190		30-9-1963	31-10-1964	31-10-1965	31-10-1966
A. Liabilities					
(a) Paid up Cap tal	•	25.00	35.00	35.00	67.00
(b) Share Deposit	••	••	••	28.00	2.00
(a) Reserves and surplus	• •	1.09	8.04	5.76	4.34
(a) Loans from Orissa Govt.	• •	••	2.50	9·7 5	9.25
(b) Other loans		••	••	••	••
4. Current Liab littles and Provision	s				
(i) Sundry Creditors	• •	7.23	48.06	73.94	150.12
(ii) Provision for Taxation	• •	••	••	7.57	2.54
(iii) Other provisions and lial	bilities	56.04	41.82	40.23	45.61
Total		89.36	135-42	200.42	272.18
B. Assets 5. Gross fixed assets (excluding work in-progress).	- capital	9.26	19.95	16.93	23.66
6. Depreciation	9.0	0.37	2.86	3.46	5.83
7. Net fixed Assets	LE	9.89	17:09	13.47	17.83
8. Capital Work in-progress				••	
9. Investments	Section 1			1.34	1.83
10. Fixed Deposits	सन्ध	16.06	0.25		
11. Deferred Revenue Expenditure	4. Line	নৰ নৰন			
12. Current Assets—					••
(i) (a) Raw materials, stores spares.	and	0.16	0.38	••	••
(b) Finished Goods		26.07	71.45	116.93	161.53
(c) Work in Progress		••		••	••
(ii) Book Debt		5.70	28.33	49.51	66· 5 5
(iii) Cash and Bank Balance		3.90	7.36	6.57	6.35
(iv) Loans and Advances		1.20	1.75	3.30	4.21
(v) Other Assets		27:38	8.81	9.13	13.58
Total	• •	89:36	135.42	200.25	272:18
C. Working Capital (12 - 4)		1.14	23.20	63.70	53.25
D. Capital Employed (7 plus	C)	10.03	45.29	77:17	72.08
E. Net worth (1 plus 2 minu	m 11)	26· 0 9	43.04	68.76	64 ·6 6
F. Inventorics [12 (i)]	• •	26.23	71.83	116.93	161.53

Table II-Working Results

The Orissa Forest Corporation Ltd., Cuttack

Particulars		1962-63 (1-10-1962 to 30-9- 1963)	1963-64 (1-10-1963 to 30-10- 1964) (13 month	1964-65 (1-11-1964 to 31-10- 1965) s)	1965-66 (1-11-1965 to 310- 1966)
				(Rupees i	in lakhs)
 Sales Cost of Sales— 		15.35	76•90	129 78	178.67
(i) Raw materials consumed other manufacturing expe	l and	10.29	45.14	75•44	115.03
(ii) Salaries, Wages and benefits to employees.	other	2.13	3.95	6.32	6.89
(iii) Opening stock of fir goods and work in progre	nished ss.	6.99	26.07	71·4 7	116.93
(iv) Less: Closing stock of fin goods and work in progre		-26.07	 71·47	116.93	—116·93
(v) Depreciation Provision		0.37	2.50	1.88	2.36
(vi) Other expenses		20.75	63.85	82.14	108.28
3. Gross Profit (1) minus (2)	9940	0 ·89	6.86	9 ·46	9.29
4. Add: (i) Non-operating income	V#i	πu	• •		••
(ii) Income on investments	12	0.37	9-17	0.24	0.16
(iii) Prior period receipts				••	••
5. Less: Interest paid-			0.08	1.25	1.48
(ii) Deferred Revenue Expend	liture	0.17			••
(iii) Prior period expenses	2.10-4	lat alakit		0.72	
6. Less: Tax provision			3.00	4'57	••
7. Net yrofit after tax		1.09	3.95	3.16	••
8. Dividends declared		• •	1.05	1.40	
9. Retained profit		1.09	2.90	1.76	→10·61

Table III-Profitability and other Ratios

The Orissa Forest Corporation Ltd.

	1962-63	1963-64	1964-65	1965-66
Percentage of—				
1. Gross Profit to Capital employed	8.87	15.15	12.26	Loss
(ii) Gross Profit to Sales Turnover	5·8 0	8.92	7.29	Loss
(iii) Net profit to Equity	4.36	11.29	5.02	Loss
(iv) Net profit to Net Worth	4.18	9-18	4.60	Loss
(v) Dividen! to Equity		3.00	2.22	••
(vi) Sales turnover to Capital employed.	153-04	169·79	168·17	247-88
(vii) Working capital in terms of No. of months' sales turnover.	0.89	4.40	5.89	3.64
(viii) Inventories in terms of No, of months' sales turn over.	20•51	11.21	10-81	10.85
(ix) Debt/Equity Ratio	Equity only.	1:14	1:6.46	1:7:46



Table I-Balance Sheet

Orissa State Commercial Transport Corporation Limited

(Rupees in lakhs) As on 31-3-1965 31-3-1966 A. Liabilities-5 0:00 67:50 1. Paid-up capital 2. Reserves and Surplus --0.82 --2.00 9.89 9.89 3. (a) Loans from Government of Orissa (b) Other Loans 4. Current Liabilities and provisions-2.05 1.05 (i) Sundry Creditors (ii) Provision for taxation 0.60 (iii) Other Provisions and liabilities 1.05 . . Total 62.17 77.04 B. Assets-5. Gross fixed assets (excluding Capital work in 20.23 38.33 progress). 6. Less: Depreciation 2.85 4.85 7. Net fixed assets 17:38 33.48 8. Capital work in progress . . 9. Investments . . 10. Fixed deposits 34.00 15.50 11. Deferred Revenue expenditure 2.72 3.44 12. Current assets-(i) Inventories— (a) Raw materials, stores and spares (b) Finished goods 1.17 1.80 (c) Work in progress (ii) Book debts 4.21 6.20 (iii) Cash and Bank balances 1.04 2.63 (iv) Loans and advances 0.75 *13.99 (v) Other assets ٠. ٠. Total 77.04 62.17 C. Working capital (12 minus 4) 4.97 22.97 D. Capital employed (7 plus 6) 22.35 56.45 E. Net worth (1 plus 2 minus 11) 46.46 62.06 F. Inventory 1.17 1.80

^{*} Includes a loan of Rs. 12 lakhs to Orissa Forest Corporation Ltd.

Table I-Balance sheet

Orissa Fisheries Development Corporation Limited

(Rupees in laks)
As on

	As_on			
	31-3-1963	31-3-1964	31-3-1965	31-3-1966
A-Liabilities				
1. (a) Paid up capital	1 0·01	35.00	35.00	35.00
(b) Share application deposit	14.99			••
A man and a 10 and a	0.21	0.15	3.04	2.16
2. Reserves and Surplus 3. (a) Loans from Government of	- -	0 13	10.00	9.00
Orissa.	• • •	•••	10 00	
(b) Other loans		• •	11-10	9.99
4. Current liabilities and Provision—				
(i) Sundry Creditors	0.07	1.40	1.67	2.83
(ii) Frovision for taxation		0.08		
(iii) Other provisions and liabilities.	0.37	5.20	7.02	0.35
	250			
Total	25.71	41.83	67.83	59.33
BAssets		888		
5. Gross fixed assets (excluding capital work in progress).	1•43	1.91	2.01	17.54
6. Less: Depreciation	0.11	0.26	0.26	1.01
7. Net fixed assets	1.32	1.65	1.75	16 '53
8. Capital work in progress	0.23	6.11	10.01	15.89
9. Investments		(E)	• •	0 15
10. Fixed deposits	5.00	23.18	11.56	5.20
11. Deferred Revenue Miscellaneous expenditure.	सन्धमेव ज	0.07	0∙ 07	0.07
Current Assets—				
(i) Inventories—				
(a) Raw materials, stores and spares.	0.37	1.50	3.55	5.47
(b) Finished goods	••		••	
(c) Work in progress		••	5.45	1.66
(ii) Book debts	0.14	0.42	0.84	0.67
(iii) Cash and Bank balances.	17.54	3.89	16.23	0 ·64
(iv) Loans and advances	1-11	5.01	18-37	13.05
(v) Other assets	••			••
Total	25.71	41.83	67.83	59-33
C. Working capital (12-4)	18.66	4.14	35.75	18-31
D. Capital employed (7 plus C)	19.98	5- 7 9	37.50	34.84
B. Net worth (1 plus 2 minus 11)	25.21	35.08	37-97	37.09
F. Inventories (12·1)	0.37	1.50	9.00	7-13

ANNEXURE X Table II—Working Results

Orissa Fisheries Development Corporation, Ptd.

(Rupees in lakhs)

	•	A	·	
	1962-63	1963-64	1964-65	196 5-66
i. Sales	5.57	7.03	4.49	17:58
2. Cost of Sales				
(i) Raw materials, etc., consumed and other manufacturing expenses.	4·67	5.98	3.96	15.96
(ii) Salaries, wages and other benefits to employees.	0.18	0.42	0.24	1.90
(iii) Opening stock of finished goods and work in progress.	••	0.36	0.28	0.73
(iv) Less: Closing stock of finished goods and work in progress.	0.36	⊸0 ·58	— 0·78	—3·49
(v) Depreciation provision	0 11	0.26	0.22	0.39
(vi) Other expenses	0.77	1.03	0.84	3.04
3. Gross profit (1—2)	0.20	— 0·44	6.62	 0·95
4. Add	444			
(i) Non-operating income	Edd to		• •	
(ii) Income on investment	0.07	0.56	0.58	0.73
(iii) Prior period receipts		• •	••	••
5. Less	व जयते			
(i) Interest paid		• •	••	0.65
(ii) Deferred revenue expenditure	••	• •	• •	••
(iii) Prior period expenditure	• •	0.10	••	••
6. Less: Tax provision	0.18	• •	••	••
7. Net profit (after tax)	0.09	0.02	0.06	0.87
8. Dividends declared	••	• •	••	••
9. Retained profit	0.09	0.02	0.06	0·87

Table III-Profitability and other Ratios

The Orissa Fisheries Development Corporation, Ltd.

	1962-63	1963-64	1964-65	1965-66
Percentage of—				
(i) Gross profit to capital employed.	1.00	Loss	Loss	Loss
(ii) Gross profit to sales turnover.	3·5 9	Loss	Loss	Loss
(iii) Net profit to equity	0.36	0.06	0.17	Loss
(iv) Net profit to net worth	0.36	0.06	0.16	Loss
(v) Dividend to equity	••	••	••	• •
(vi) Sales turnover to capital employed	2 7 •8 8	121-42	11 97	50.46
(vii) Working capital in terms of No. of months' sales turnover.	40·2 0	7·0 7	95·55	12·5 0
(viii) Inventories in terms of No. of months' sales turnover.	0.80	2.56	24.05	4.87
(ix) Debt/equity ratio	Equity only.	Equity only.	1:1-68	1:1:84
	Y			

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Table 1—Balance Sheet

Orissa State Commercial Transport Corporation Limited

	• -	(Rupees in lakhs) As on		
•	31-3-1965	31-3-1966		
A. Liabilities—				
1. Paid-up capital · ·	50.00	67:50		
2. Reserves and Surplus	0.82	2.00		
3. (a) Loans from Government of Orissa	9.89	9.89		
(b) Other Loans		4.		
-4. Current Liabilities and provisions—				
(i) Sundry Creditors	2.05	1.05		
(ii) Provision for taxation	. ••	010		
(iii) Other Provisions and liabilities	1.05	0.60		
Total	62·17	77:04		
B. Assets—				
5. Gross fixed assets (excluding Capital work in progress).	. 20.23	38.33		
6. Less: Depreciation .	. 2.85	4.85		
7. Net fixed assets	. 17:38	33.4		
8. Capital work in progress .	. ••	••		
9. Investments	24.00	15.50		
10. Fixed deposits	., 34·00 2·72	15·50 3·44		
11. Deferred Revenue expenditure 12. Current Assets—	212	<i>.</i>		
(i) Inventories—)			
(a) Raw materials, stores and spares				
(b) Finished goods	1.17	1.80		
(c) Work in progress	ļ			
(ii) Book debts	4·21	6.20		
(iii) Cash and bank balances	1.04	2.63		
(iv) Loans and Advances	0.75	13.99 *		
(v) Other assets	••	••		
Total .	. 62·17	77.04		
C. Working capital (12 minus 4)	4.97	22.97		
D. Capital employed (7 plus 6)	. 22.35	56.45		
E. Net worth (1 plus 2 minus 11)	46•46	62.06		
F. Inventory	1.17	1.80		

^{*} Includes a loan of Rs. 12 lakhs to Oriss: Forest Corporation, Ltd.

Table II-Working Results

The Orissa State Commercial Transport Corporation, Limited
(Rs. in lakhs)

1965-66 1964-65 (7-1-1964 to 31-3-1965) 1. Sales 6.90 8.03 Cost of sales consumed and other manufacturing 3.39 3.81 (i) Raw material expenses. (ii) Salaries, wages and other benefits to employees 1.97 2.51 stock of finished (iii) Opening goods, work in 0.08 progress, etc. Total 5.36 6.40 (iv) Less: Closing stock of finished goods and work in 0.08 progress. Total 5.28 6.40 (v) Depreciation 1.97 1.99 (vi) Other expenses 0.82 1.90 Total 8 07 10.29 3. Gross profit (1 minus 2) -1.17 -2.26 सत्यमेव जयत 4. Add: (i) Non-operating income (ii) Income on investment 1.26 0.32 (iii) Prior period receipts ٠.

• •	• •	• •
• •	••	• •
• •	• •	0.19
••	••	• •
••	0·82	-1.19
	••	

5. Less:

8. Dividends declared

9. Retained profit

--0.82

-0.82

--1.00

-1.19

Table III-Profitability and other ratios

The Orissa State Commercial Transport Corporation Limited

Percentage of—		1964-65	196 5-6 6
(i) Gross profit to capital employed	••	Loss	Loss
(ii) Gross profit to sales turnover		Loss	Loss
(iii) Net profit to Equity		Loss	Loss
(iv) Net profit to net worth	••	Loss	Loss
(v) Dividend to Equity	••	••	• •
(vi) Sales turnover to capital employed	••	30.87	14.22
(vii) Working capital in terms of number of months' turnover.	sales	8-64	34·32
(viii) Inventories in terms of number of months's turnover.	sales	2.04	2.63
(ix) Debt/equity ratio		1:5.06	1 :6 ·35

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- 24.2. The Committee would now like to comment on each undertaking individually in general terms.
- (a) The Industrial Development Corporation of Orissa Ltd.— A total investment in this enterprise has, as mentioned, been to the extent of Rs. 14.30 crores. The undertaking made small profits up to 1965-66; in 1966-67 a loss to the extent of Rs. 10 83 lakhs virtually wiped out all profits earned in the previous years. The Committee can, therefore, safely assume without hesitation that the purely commercial objective of this Corporation has so far not been realised. Employment opportunities provided by the Corporation were limited bring only for about 2,300 people. An investment of this order to create such a limited fall-out effect in the employment field cannot, therefore, be considered successful. The Committee however notes that the Corporation's projects are by and large not labour intensive. There is also no evidence that this undertaking has materially furthered any social goals of the State. The Committee also feels that these enterprises have not brought about any significant multiplier effects. The Corporation, has, however, contributed to the development of some of the State's natural resources. It has probably also brought about an awareness of industrial possibilities in the State although there have yet to be taken advantage of.

The diversified business of the Corporation in various industries also appears to lead to less than optimum efficiency, and a situation has been created where it now seems impossible to manage each unit effectively. It is, therefore, quite evident that the Industrial Development Corporation of Orissa, Limited, needs rapid and drastic re-organisation; recommendations in this respect are being made in the next chapter.

(b) The Orissa Mining Corporation Limited—Remarks made in respect of the Industrial Development Corporation of Orissa, Limited, are applicable to the functioning of this undertaking as well Rigid control exercised by the Government Department stiffled initiative in the Undertaking. Government control in this Corporation appears even to exceed Government control in the Industrial Development Corporation of Orissa, Limited and the powers delegated to the Managing Director are even more limited than the powers delegated to the Managing Director of the Industrial Development Corporation of Orissa, Limited. The activities of the Corporation appeared to have been somewhat haphazard in the early stages and as has been noted in the foregoing chapter, many mining ventures were embarked upon with lack of adequate planning

and foresight. Some of these ventures had eventually to be abandoned after having absorbed unrequired capital investment. The Committee has made allowance for the fact that the Corporation did not come with any background of experience and that some of its work must be regarded as developmental.

The Corporation also suffered from bad contracts in respect of construction supply and erection particularly in the case of Daitari Project.

It is well-known that the activities of this Corporation are not in a monopoly sphere; iron and manganese ore ventures of major importance have been undertaken in Orissa by private operators, steel plants and Central Government. The competition being faced by the Orissa Mining Corporation, Limited, is, therefore, very severe indeed, as is exemplified by the fact that Rourkela, a public sector steel plant of the Government of India, placed only one order with the Corporation and none thereafter. The need therefore for highly competent management with a fair degree of autonomy is apparent.

The limestone undertaking appears to suffer from much the same malaise as the rest of the mining complexes. Here at least there is a valid excuse in the fact that as the project is geared primarily to the requirements of the Baragarh Cement Works development of the quarries being conditional to the development of the cement plant. There, however, appears to be a certain amount of confusion in the line of communication between supplier and purchaser; both deal with each other through Bhubaneswar, over 180 miles away when the distance separating them is a mere 14 miles with, as we understand, a working telephone link. Partly as a result of this, the Committee has noted that the productive capacity of the mine has not been developed to the level needed by the Cement Plant.

- (c) The Orissa Construction Corporation Limited—The Corporation has on the whole justified itself and has earned nominal profits; but the profits are not keeping with the revenues normally earned by construction companies. This is because the Corporation had the limited objective of lowering the construction rates in Orissa. In this it has to some extent succeeded. The time has come however when it should have a more positive approach and the recommendations in this respect are made in the next chapter.
- (d) The Orissa Forest Corporation Limited—When Government started the establishment of this Corporation, the idea was that large profits would accrue during the course

of trading in timber; the process of elimination of forest contractors would also be hastened. Initially nominal profits were probably earned because of boom conditions in the country's economy; the moment adverse conditions of trading appeared, the entire edifice of this Corporation appears to have collapsed. The situation was aggravated by the staff of the Corporation; not having a commercial motivation of the private forest contractor, they failed to exert themselves sufficiently. The result was massive accumulation of unsaleable timber at forest depots. The Committee felt that the functions of the Corporation were not such as could not more effectively be performed by the Department.

In fact the bulk of the Corporation's managerial staff is on deputation from the Forest Department and this has not helped matters. Rivalries, and friction on a personal level appear to have plagued relations between the Corporation and the Department, and instead of their activities being complimentary, they have frequently clashed.

The book loss incurred by the Corporation during the year 1965-66 and the prospect of recurring loss compels this Committee to pass an extreme verdict on it. Details regarding this are enumerated in the following chapter.

(e) Orissa Fisheries Development Corporation — This Committee finds that this Corporation has indulged itself in a fair amount of activity with respect to the development of fisheries. The net effect, however, is that fisheries are as undeveloped as they were before the establishment of this Corporation.

The Corporation can, therefore, be only said to have failed in achieving this ultimate aim; and from all evidence it appears that it is as far from achieving it as it ever had been. is no doubt that a vast amount of capital has been swallowed up by this organisation, and to no apparent useful purpose. The Committee also feels that the Corporation, if it continues in its present form, is hardly likely to show any useful result in the near or distant future. Bad planning and lack of coordination seems to have plagued the unit right from the time of its inception. Many of its ventures on which it is embarked, e.g., the marketing of fish in Cuttack and Bhubaneswar appears to be misconceived for a Government undertaking to attempt to enter a retail market fraught with fluctuating and uncertain demand, is a very risky adventure, and it is only by an extremely conscientious approach and application can such a venture succeed.

The operation of deep-sea trawlers in the Bay of Bengal has great potentialities. It is, therefore, a pity that the four deep-sea trawlers acquired by the Corporation at a total cost of over Rs. 20 lakhs have been totally misused since they were acquired in 1964. Some use will have to be found for these trawlers and the Committee has made its recommendations in the succeeding chapter. The Committee, however, wishes to bring to the notice of Government that no further investment should be made on any account in this Corporation; every effort must be made on the other hand to try and recover as much money as possible before these investments also pass into a stage where recovery is impossible.

(f) The Orissa State Commercial Transport Corporation Limited—This Corporation is another instance of failure to plan in a proper sequential way. It was clear that much of the expenditure was incurred long before the need arose. has been alleged that the Corporation was unable to function owing to factors beyond its control. These factors already been mentioned in the preceding chapter and have failed to convince the Committee. In this connection Committee would take the opportunity to mention that in any Commercial undertaking, whether it be in the private or corporate sector, the capacity to make quick decisions is vitally important. A delay in making a decision frequently has adverse repercussions on normal commercial operations and, management should be actively encouraged to decide matters for themselves promptly rather than "pass the file higher up". Therefore, if the operations of the Corporation were delayed owing to a decision not being taken on the type of vehicles to be used it is a reflection both on the lack of understanding as to who is to take a decision and the imperative need to take a quick decision by the competent authority.

In the circumstances, the Corporation attempted to use its transport capacity to the extent possible though this was very little.

It is true that the failure on the part of the other authorities to fulfil their programmes for example the delay in the construction of the Ore Handling Plant, had affected the operations of the Corporation. But this points out the lack of co-ordination at levels involving different departments of the Government. In other words, no body felt the need to ensure that the transport capacity built up for a specific purpose was matched by the availability of roads and loading equipment.

Our recommendations in this respect will follow in the next chapter.

CHAPTER IV

Recommendations

- 25.1. It has already been made clear by the Committee in the two proceedings chapters that operations of State undertakings in Orissa leave much to be desired. These undertakings do not appear to have fulfilled adequately the objectives for which they were originally envisaged; on the contrary they have spent vast amounts of public funds with poor results.
- 25.2. This Committee, therefore, feels that without a different attitude of mind on part of both Government and management coupled with drastic reorganisation of the undertakings, the Public Sector enterprises in the State cannot be put on a firm footing.
- 25.3. Public undertakings the world over, have experienced difficulty in recruiting qualified and experienced people in their top managerial positions. This is true in Europe and U. S. A. and is certainly true for India.

In India, however, public undertakings have depended largely upon recruits from the administrative cadres, but this itself has been partly responsible for the poor performance in public sector undertakings. Not that there is no room for personnel from the administrative services but the Committee feels strongly that it should be possible for them to recruit men with technical and industrial experience from the private sector. Obviously the scales of pay and allowances should be suitably established to attract such men. To the extent the enterprises draw upon the administrative services, they should be who are prepared to make a career in public sector industry. In addition to emoluments, many experienced and capable executives find working conditions in the Public Undertakings semi-political atmosphere, restrictive. This could be changed, if Government and the State adopt voluntary restraint in dealing with matters concerning Public Industry since there are men who are public-spirited enough to be anxious to serve State Industries. Whatever the origins of managers in the Public Sector, they must be thoroughly conversant with the tools and techniques of modern management.

25.4. The Committee feels that there could be cases where the Government may find it more profitable in the national interest to divert itself of the responsibility for the management of some units. Instances of this kind can be found in many

countries, for example, Japan. Even in our own country, there have been a few cases where the minority interest of a private party was permitted to be raised to a majority interest with complete transfer of management. As far as the present report goes, our recommendation is limited to the transfer or sale of the tile factory at Chowdwar.

To amplify this argument, the Committee would like to draw attention of Government to the steel industry in Japan. This industry was originally launched by the Japaneese Government with a view towards developing an armament industry and naval programme. Subsequently, when this limited purpose had outlasted itself, private enterpreneurs were invited to undertake management of the steel industry and it has since gone from strength to strength. A similar instance can be cited with regard to the German Volkswagan Company. The undertaking was initially launched by the German National Socialist Government before World War II in order to provide middle income groups with a cheep but durable car. After the war, in order to finance an expansion programme, an Equity Issue was offered to the public and the undertaking now functions as a public limited company with a minority share held by the German Government. It is well-known that today the Volkswagan car constitutes Germany's primary Committee, therefore, feels that the possibilities of such useful transfer must be explored from time to time.

- 25.5. The Committee has already mentioned earlier the need for an up-to-date and regular accounting system which should be introduced in all undertakings at all levels. This statement bears repetition.
- 25.6. The Committee wishes to point out that for the private sector the share market acts as a barometer to gauge the performance of the unit. Poor showing of any unit inevitable results in its shares being depressed and also acts as a reflection on the management. The Public Sector enterprises have no corresponding mechanism by which their performance could be judged by the country constantly. Since the shares are held entirely by the State and there is no purchase or sale, the share market is not the answer. It is possible, if one of the Committee's recommendations is accepted by which a substantial amount of Equity Shares are subscribed by the private investors, these shares might be quoted in the share market. Until this position is reached, however, there should be some other method of gauging performance from time to time.

The Committee can only suggest that there should be a brief review published every quarter, concerning their working.

In the private sector the shareholders meeting serves a useful purpose. The constructive criticisms and suggestions made at the shareholders meetings are taken note of by the management for proper action. While the Committee does not wish to overrate the effectiveness of the shareholders meetings, something equivalent to this does not exist in the Public Sector Organisation. It is true the Public Accounts Committee and the Assembly may be said to perform a comparable function in even more detail. But the difficulty is that these are usually postmortem and their general effect has not, by and large, been helpful.

SPECIFIC RECOMMENDATIONS

- 26.1. All units in the State Public Sector should be managed as Company-style Corporations. These corporations should be run by a Board of Directors with a Chairman/Managing Director on the same lines as a public limited company in the private sector.
- 26.2. Government must endeavour to ensure the largest degree of autonomy and delegation within the Corporation. Similarly, the Chairman/Managing Director must have the authority to delegate any of his powers to any member of his staff he thinks fit. This delegation of powers should be at his discretion, subject only to the approval of the Board which approval shall not be unduly withheld.
- 26.3. The Committee recommends that as a normal rule there should be a full-time Chairman-cum-Managing Director on the Boards of these organisations. However, there might be execptions where the Chairman is only part-time; in such cases there should be a full-time Managing Director.
- 26.4. In cases where the Chairman is the part-time Managing Director, should be held fully responsible for the operation of the Corporation and should be invested with the authority required. There should, on no account, be any diffusion of authority between the Chairman and Managing Director in such cases.
- 26.5. Full-time functional Directors should be appointed on the Boards of the Corporations; these Directors should be Executive Heads of their departments and must be designated as such, e. g., Director (Personnel), Director (Production), etc.

- 26.6. Additional part-time Directors may be included but must not be more than two. If a Government official is appointed as Director of a Corporation, he must not hold office by virtue only of the Government post held by him. Continuity of the Board of Directors is an important aspect to ensure to functional smoothness, a constant change of Directors, owing to departmental transfers in Government, has numerous disadvantages. The Committee, therefore, wishes to stress that if Government wish to appoint one of their officials as a Director of a public sector Corporation, Government must be prepared to allow him to continue to occupy his seat on the Board even in the event of his being transferred to another departmental post.
- 26.7. As far as possible, Government representatives on the Board of Directors should be selected on the basis of their qualifications and experience and not by virtue of office they hold.
- 26.8. Government may also consider the appointment of eminent men in private industry, in the post of part-time Directors of Corporations and thus have the benefit of their wide and varied range of experience in management of Industrial and commercial undertakings. The Committee feel that there are great merits in this.
- 26.9. In the interests of good employee relations, in certain cases there should be no objections to the appointment of a Union official on the Board of Directors. This, however, should be done with caution and if Government have any reservations on this score, it will probably be safer to exclude Union officials from the Board of Management.
- 26·10. The foregoing suggestions entail that each Board of Directors of each Corporation should be a functional Executive Board of Directors concerned not merely with monthly discussion of matters relating to the Corporation, but deeply embedded in the day to day functioning of the unit.
- 26:11, The Finance Director of each Corporation should be a full-time and a qualified Accountant. It should be his sole responsibility to ensure that the accounts of the Corporation are in order and up-to-date. Monthly pro forma Accounts should be prepared by his department and the responsibility of placing the same before the Board of Directors on or around the 15th of each succeeding month, should be his. While it is

possible that the Finance Director might be deputed by the Finance Department, it should be made clear that his loyalty and responsibility should be to the Board.

- 26·12. Full-time Directors of a Corporation should be provided with an adequate salary and perquisities commensurate with the duties, responsibilities, experience and qualifications. There should be sufficient flexibility in this matter; rates of pay for this category of staff must on no account be lumped in "grades applicable for this post". The Committee has already recommended, the granting of appropriate salary to the Chairman, Managing Director and the full-time Director and other managerial personnel and this should cover both men drawn from private sector and public sector.
- 26.13. It should also be the policy of the Government over a period of years to ensure that the Government officials seconded to Public Sector enterprises should resign from category of Government staff and agree to make service in the industry as their career. Their prospects should depend entirely upon the performance in the industrial service cadre which should be suitably established. Until such time as this is created, the officers deputed by the Government to the Public Sector industries must be deputed for a specific period of time and not shorter than 5 years, with possibility of further extension. At present there is not enough sense of involvement on the part of the deputed officers who are aware of their ability to return to the Government whenever they want to do so which also makes them complacent. The undertakings do not therefore get the best out of them. The opportunity should also be taken by the officers on deputation to get the proper training required for management so that they may be able to continue for a longer period of time is either the same or other public sector undertakings. Experience of such men should thereafter be fully availed of if and when they revert to Government in positions where business management experience would be of value.
- 26.14. A share in the profits of an undertaking should invariably be included in the terms of remuneration for senior management staff of undertakings including full-time Directors. This can best be done by allowing them rates of commission as a percentage of the unit's net profits after achieving a minimum level. The inclusion of this factor in the terms of service would have the desirable result of inducing them to achieve good results for the unit and thus increase their incomes; on the other hand, if a unit fails to make a profit in any particular year, the pinch will be felt by those primarily responsible for the poor showing. The personal motive is thus introduced.

- 26.15. Assuming that the foregoing suggestions of the Committee are accepted and implemented, the Management should be free to take decisions regarding its personnel policy and must have full authority to form their Management and technical cadres without any pressure from Officials/Ministers in respect of employment or promotion. It should be noted that a person appointed in an undertaking for reasons other than doing a job in a specific vacancy, is merely a drain on unit's resources and has a detrimental effect on the morale of his colleagues.
- 26.16. Inventory Control is an indispensable facet of modern management and should be under the direct charge of a member of the Board. Inventories must be kept down to a minimum in order to avoid the tying up of vast amounts of capital. This will undoubtedly necessitate a certain amount of tight rope walking by the Stores Purchase Departments involved. The Committee assures Government that this will do them no harm.
- 26.17. Government should consider the question of inviting the public to participate in the equity capital of State/Public sector undertakings, to the miximum extent possible. This will have a varied range of beneficial results. It will generate capital directly for the units and, the shares of the undertakings could appear at the various Stock Exchanges and the public shareholders will, no doubt, exercise a good deal of influence on the Management of these undertakings. This will be to the total advantage of Government and the undertakings. The Committee, therefore, urges Government seriously to consider this suggestion.
- 26·18. Labour disputes should be left to collective bargaining between Management and Labour; in the case of failure to reach agreement the existing law offers ample scope for adjudication and eventual settlement. The practice of Labour Unions approaching Government direct at headquarters should be discouraged. This practice tends to frustrate Management and eventually results in their losing interest in their work. Government should not, therefore, normally exert un due pressure on the Management. It is the Management's job to do so on their own; and they will do it in the manner they think most suitable, provided they are given a chance.
- 26.19. Finally the Committee feels strongly that the present financial and administrative procedures followed by the Government should be radically changed. The management of public

sector undertakings is hamstrung by the rigidity of the procedures now existing in respect of their purchase and sales. The Government should also not insist upon resubmission of any proposals which has been sanctioned once. So long as the public sector enterprise incurs the expenditure within its sanctioned budget, it should not be compelled to refer detailed account to the Government from time to time for their sanction.

- 27.1. Suggestions regarding the reorganisation of Units— The Findings of this Committee have indicated that in none of the undertakings of the State have the results been commensurate with the capital invested or the efforts put in.
- 27.2. Notwithstanding the recommendations regarding general management already enumerated in the various sections of paragraph 26 above, the Committee would like to make the following specific recommendations in respect of the Corporations in the State public sector.
- 28.1. The Industrial Development Corporation of Orissa Limited being the largest undertaking, suffers because of its varied activities which tend to result in administrative diffusion.
- 28.2. The Committee, therefore, suggests that this Corporation be split up into smaller and more manageable Corporations, each with an industrial complex of its own.
- (a) The Barbil Complex—This should consist of the Kalinga Iron Works which, in its present form, does not appear to be a commercially viable proposition. It has already been pointed out in paragraph 5.9 that the mere sale of 1 lakh tonnes of pig iron per annum will not enable the unit to run at a profit. At the last sitting of the Committee, the Corporation presented a revised set of figures, dealing both with costs and sale value which tended to show a picture which was more favourable. But taking into account the fact that the country's economy is tending towards a buyers market, the Committee does not share the optimism reflected in the new figures. Even accepting the revised figures at face value which show only a nominal profit (which would be wiped out if full depreciation were to be provided) the Unit as such is fairly marginal. The Committee, therefore, feels that one solution may be to extend the Kalinga Iron Works to an Alloy Steel Plant and incur the substantial expense which thus would involve. Before embarking on this venture, if decided upon, reliable Consultants should be appointed to advise in this matter.

(b) The Units at Hirakud, namely, the Workshop, Rolling Mill and Cable Plant, should form a separate Corporation and, if possible, a private entrepreneur may be secured to undertake a lease of this complex. If Government feel that the leasing of the entire complex will involve unnecessary complications then the alternative suggestion which the Committee has to offer is to gear the workshop to the requirements of the rolling mill and cable plant. This will, however, not keep the workshop fully occupied in which case the workshop could extend its facilities to other public sector units within the State at commercial rates and also canvass for business elsewhere. For this a separate cell will have to be organised and be under the direct control of an Executive Director of the Corporation with the responsibility to ensure that the workshop is fully booked.

Regarding the re-rolling mill and cable plant their functions should be, as far as possible, complimentary. It is erroneous to consider that the cable plant should be geared purely to the requirements of the State Electricity Board. In this connection the cable plant should also look for business elsewhere and this assignment should be placed under an Executive Director. Similar remarks apply to the re-rolling mill and it is suggested that the responsibility to maintain all three units of this complex with a full order book, should be given to the same director. The Committee realises that as this complex is still under construction these suggestions cannot be implemented fully straight away. There will, however, be no difficulty faced regarding setting up an appropriate organisation as there is ample scope in this direction.

(c) Bargarh Complex—The Bargarh Cement Factory, with its capacity of 1,200 tonnes of Portland Cement per day is not, in the opinion of the Committee, sufficiently viable to operate as a profitable unit. The Committee recommends a separate complex at Bargarh as this unit in its present form will just not have a sufficient production to absorb the overheads, and further recommends that the capacity of this factory should be doubled to 2,400 tonnes of Portland Cement per day. The necessary capital required for this project should be in the form of additional Equity Shares to be subscribed both by Government and by the sale of shares to public. If this is insufficient, further finance might be provided by Government by way of loan. This project should proceed with utmost speed.

If Government are unwilling or unable to implement this suggestion, then the alternative suggestion offered is to lease this factory to any private party willing to undertake the expansion. The lease should, of course, be on terms suitable to Government.

As a Cement Factory utilises limestone available from the nearby quarries managed by the Orissa Mining Corporation, Limited, it is essential that these quarries should be merged with the undertaking running the Bargarh Cement Factory and the Dungri quarries and Bargarh Factory should together form the Bargarh complex and function as an integrated unit. This will facilitate administrative efficiency and the quarries can thereafter be treated as captive on similar lines as the captive quarries in various parts of the country owned by cement companies.

- (d) The Jajpur Road Complex—The Ferro-chrome Plant under construction at Jajpur Road is expecting to draw its supplies of raw ore from the nearby chromite mines of the Orissa Mining Corporation, Limited. These mines, should therefore, be transferred to the Ferro-chrome Complex and be treated as captive mines in a manner similar to that outlined in the respect of the Bargarh Complex. The Jajpur Road Complex should also be run as a separate Corporation.
- (e) The Tile Factory—This Committee, from the data placed before it, was unable to find any evidence that the Tile Factory at Chowdwar would ever become a profitable venture. The fact that the factory showed improvement during the last month or two does not alter the Committee's judgement. The Committee, therefore, recommends that The Industrial Development Corporation Ltd. should sell this factory either to the State's Small Industries Corporation or to private parties at the best possible price.

The suggestions of the Committee in respect of the Industrial Development Corporation Limited are thus to break up the Corporations' industrial operations into four smaller Corporations, viz., a Corporation at Barbil, a Corporatioa at Hirakud, a Corporation at Bargarh and a Corporation at Jajpur Road

The Committee is of the view that the Industrial Develop ment Corporation stripped of its manufacturing activities should however continue in a new form. It should serve a an industrial financing and guaranteeing organisation on the same lines as Development Corporations in some other States. The structure of those bodies should be studied and the Industrial Development Corporation should be modelled on these or similar lines.

The Committee feels strongly that run on vigorous and imaginative lines the reorganised Industrial Development Corporation could have a vital primary function and go a long way towards acting as a catalyst to bring new industries together with new entrepreneurs into the State.

As in other States, the Committee would also recommend that the head of this Corporation should be a non-official non-political person with a wide industrial knowledge and experience.

28.3. (a) The Orissa Mining Corporation Limited—The Committee has already suggested that the Dungri quarries should be merged with the Bargarh Cement factory and the chromite mines should be merged with the ferro-chrome plant at The other remaining functional units of the Corporation are, therefore, the Daitari Iron Ore mines which are to be fully mechanised operation and the Mines in North Orissa which are entirely manual. The Committee recommends that the Daitari Project should quickly be provided with the additional capital needed to complete the project. It will also be highly desirable to merge the Orissa State Commercial Transport Corporation Limited with what remains of the Orissa Mining as the explicit Corporation Ltd., of the Orissa State Commercial Transport Corporation is to transport are from the Daitari mines to Paradip. The merger of the Road Transport unit with the mining unit will enable both units to coordinate their activities, and the Mining Corporation will thus ensure that their transport wing is functioning according to their requirements and therefore they are likely to make necessary effort to keep the trucks moving along the Express Way from Daitari to Paradeep. Even though until the Daitari Project is fully on stream, a large part of the Transport Corporations functions will be for use by other mining interests, the Committee believes that the merging should take place without delay. If these recommendations regarding merger of the Orissa Mining Corporation with the Orissa State Commercial Transport Corporation are accepted, it will be seen that a tremendous responsibility for effective and successful completion and implementation of the completed Daitari Corporation will remain. In these circumstances, the Committee urges Government to consider whether any useful purpose will be served in continuing with the manual mining operations in North Orissa

and whether public purpose will not as well be served, if these units were transferred by way of sub-lease to private operators.

28.3. (b) Orissa Construction Corporation Limited—The Orissa Construction Company Limited's claim that it acts as a moderating factor for all civil engineering within the State may perhaps be valid but the Committee had no way of testing this claim. Mention, however, must be made that this is not an unprofitable undertaking though the profits made are lower than the norm in respect of private contracting companies with a similar investment. This Committee, therefore, feels that the Corporation should now agressively go out and look for more business and enlarge its activities.

Considering capital invested in the Corporation, the Corporation should be able to undertake a greater number of contracts than it is doing at present. Efforts should, therefore, be made to achieve this end. An additional suggestion is that executive engineers of the P. W. D. on deputation should either become permanent employees of the Corporation or elect to return to the Department forthwith. Thereafter, full autonomy should be given to the Corporation to decide which contracts are to be undertaken and which are to be avoided; no contract should be forced on the Corporation by Government on terms decided by Government on other than commercial consideration. Senior executive staff should be remunerated partially through a profit sharing scheme as suggested earlier.

- 28.4. The Orissa Fisheries Corporation, Limited—The Committees notes that the activities of the Orissa Fisheries Corporation, Limited have been unsatisfactory. The vast investment of Rs. 59 lakhs has not shown commensurate results and there are no indications of this Corporation's activities ever being able to improve the economy. The Committee, therefore, recommends that—
 - (i) Pisiculture in the Khasmahal tanks should be transferred to the State Fisheries Department and should be carried on at the Department's discretion.
 - (ii) Marketing of fish at Cuttack and Bhubaneswar should be abandoned
 - (iii) The boat-building yard at Paradeep should be transferred to the Fisheries Department and activities carried on in this respect at their discretion.

- (iv) The four Polish deep-sea trawler should be sold for the best price obtainable.
 - (v) Inland fishing should be the responsibility of the Department.
- (vi) The plant manufacturing shark liver oil should also be transferred to the Department
- (vii) Fishing off the North Orissa Coast should be left to private fishermen aided by the Department.
- (viii) The purchase and sale of nylon yarn should be undertaken by any of the numerous fishermen's Cooperatives which exist in the districts of Puri and Ganjam.
 - (ix) All employees of the Corporation on deputation from the Corporation should be returned to the Department.
- 28.5. The Orissa Forest Corporation—The Committee feels that the decision to set up a separate Corporation outside the Department might have some justification but unfortunately it was set about in an unsatisfactory way and without really demarcating the limits and functions of the Department vis-a-vis the Corporation. Thus there was much duplication in their work. The present showing in the Corporation's balance sheet indicate its inability to run at a profit in the near or distant future. In addition, the fact that the Corporation's activities have not promoted the commercial development of the States' forest resources leads the Committee to advise that the Corporation should be wound up.

Figures indicate an accumulation of timber at depots amounting to over 11 months' production. These figures are probably book figures only. The Committee has not had an occasion to visit these depots; nor was any evidence placed before the Committee of there ever having been a physical check of stocks; in all probability the actual valuation of stocks, both in quantity as well as salability, is far less than the figures presented to the Committee. The Committee would, therefore, suggest that as an initial step, all forest depots should undergo a physical check by a professional team of valuers and thereafter these stocks should be put up for auction.

- 28.6. The Committee recognises that it has recommended drastic measures to be undertaken in respect of the various Public Corporations under review. It however feels that these measures are not only in the best interest of the Corporation itself but are the minimum necessary to make them more viable and to enable them to realise their objectives with which they were set up. Many of the ventures were planned by men of vision, desirous of promoting Orissa's economy. But it is one thing to set up these ventures but quite another to see them efficiently operated as already pointed out, the Committee has appreciated the need and the justification of the Public Sector in a State like Orissa but unless certain conditions are met, the success of such enterprises cannot be achieved. In conclusion, the Committee's general advise would be as follows:—
 - (a) Modern methods of Management should be introduced in all public enterprises that are to be continued.
 - (b) The relationship between the Government and the Corporation should be clearly defined and each should work within its own ambit.
 - (c) Greater autonomy should be given to all public enterprises.
 - (d) The procedures and rules should be in conformity with practice prevailing in the best managed private or public sector units.
 - (e) Government should be willing to sanction proper and suitable emoluments to personnel in Public Sector projects.
 - (f) Adequate provision of finance should be assured in time for the successful conclusion of projects once they are embarked upon.

CHAPTER V

Summing up

- 29·1. The Committee intends to conclude its report by giving a brief summary of the proceeding chapters, more particularly with relation to the specific terms of reference described in Government of Orissa's Resolution No. 5758—PLM-1-Cor. 175/67, dated the 9th October 1967 (Annexure 1), and referred to in paragraph 1·2 in Chapter I.
- 29.2. For the sake of convenience, each of the terms of reference are reproduced in the succeeding paragraphs.
- 29.3 "(1) the objectives with which these undertakings were set up and how far these objectives have been realised and if not the reasons for the same "

The objectives for setting up public sector undertakings are described in paragraphs 2·1 and 2·2 in Chapter I. Specific objectives are described against each of the undertakings mentioned in Chapter II.

In Chapter III the Committee has indicated that by and large the State undertakings have not been successful in fully realising their original objectives. The Committee, however, did not wish merely to conduct a postmortem on the affairs of the undertakings; it has on the other hand addressed itself to measures and proposals which would effect a substantial improvement in general performance.

29.4. "whether the capital outlays on these undertakings have been economical and proper"

Capitaloutlays with regard to most of the undertakings have, in the opinion of Comittee, been unduly excessive paragraph 23.2 in Chapter III refers.

29.5. "to examine in detail the capital outlays and programme of work undertaken by these undertakings and to suggest any modification that may be necessary for realistic implementation of their programmes"

The Committee has recommended suitable changes to be made in respect of the undertakings. Details of these recommended changes are mentioned against each of the undertakings in Chapter IV.

29.6. "to assess in a realistic manner the capital outlay still required for implementing the programmes and the yearwise breakup of this proposed outlay for ensuring maximum return at as early a date as possible on the capital invested and to be invested"

In respect of the Daitari and Bargarh projects, the Committee has recommended provision of necessary finance to enable the Daitari Project to be completed speedily and the Bargarh Project to be expanded. In respect of the others no additional capital investment has been recommended except in the case of the Barbil plant where additional funds may be needed in case the plant is converted into an alloy steel plant. Paragraph 28.2 in Chapter IV refers.

29.7. "to make a comparative assessment of the economics and efficiency of those undertakings"

Details regarding the assessment of the undertakings are given specifically against each in Chapter III.

29.8. "to examine the organisational set-up that now prevails in these undertakings and to suggest modifications that are necessary so as to secure the most efficient management of the undertakings".

Recommendations have been made in paragraphs 23.3 to 23.8 in Chapter III.

29.9. "to suggest specific measures for protecting Government interest without substantially effecting the efficient management of the undertakings"

Specific recommendations are made in paragraphs 26·1 to 26·17 in Chapter IV.

- 29.10. "to examine the control which is exercised by Government in respect of—
 - (a) capital investment
 - (b) expenditure
 - (c) appointments
 - (d) contrass
 - (e) purchase of stores; and
 - (f) recruitment policy"

The Committee has dealt with all the above in the relevant Chapter dealing with these matters. However, a brief summary of its recommendations is given below:—

- (a) While capital investment must be the function and prerogative of the Government above a certain limit, all expenditure within the limit should be entirely left to the enterprise. Further, capital sums above the limit, once sanctioned by Government, should also be permitted to be utilised by the Corporation concerned in the manner proposed in the scheme.
- (b) The Committee feels that subject to the above, expenditure should be within the scope of the Board.
- (c) Appointments other than those of the Chairman and Managing Director, should vest with the Board of the Corporation while the appointment of Chairman or Managing Director should be made by Government.
- (d) & (e) The Committee considers that contracts and purchase of stores should subject to a defined limit, be left to the enterprise.
- (f) The Committee feels that while it is Government's preserve to define the broad policy in respect of recruitment, the implementation should vest with the Corporation.
 - 29.10, "to examine, if in the interest of the State any of these public sector undertakings should be closed down or its activities should be progressively reduced or altered and to suggest in detail as to how these objectives will be achieved"

Recommendations in this connection are contained in paragraph 28·2 in Chapter IV up to the conclusion of the Chapter.

29.11. "to suggest any other measures that may be relevant for a complete appreciation of the problems involved.

Recommendations in this connection are contained in paragraph 28.6 in Chapter IV.

The Committee should like to place on record its high appreciation of the help and co-operation unstinetingly given

by the Secretary. Dr. H. P. Misra. It would also like to acknowledge the assistance, it has received from all the officers of the Government and the Corporation who either submitted memoranda and/or made themselves available for lengthy discussion.

It was not possible for one of the Committee's members Mr. G. Ramamurty to be present at its final sitting when the report was finalised. The Committee, however, had the advantage of his detailed financial evaluation.



Bhubaneswar

The 19th June 1968

(SHRI G. RAMAMURTHI)

Member

The Evaluation Committee for Public Sector Undertakings hold its 1st meeting in the State Guest House, Bhubaneswar from 16th to 17th November 1967.

Present:

- 1. Prof. P. S. Lokanathan .. Chairman
- 2. Shri Pran Prasad .. Member
- 3. Shri G. Ramamurty ... Member
- 4. Shri R. P. Padhi, I. A. S., Additional Chief Secretary
- 5. Shri D. L. Purukayastha, I. A. S., Managing Director, Industrial Development Corporation.
- 6. Shri K. Srinivasan, I. A. s., Managing Director, Orissa Mining Corporation.
- 7. Shri K. S. Ramachandran, I. A. S., Secretary, Mining & Geology Department.

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The Evaluation Committee for Public Sector Undertakings held its 2nd meeting at Burla Rest House, Sambalpur from 19th to 22nd December 1967.

Present:

- 1. Prof. P. S. Lokanathan .. Chairman
- 2. Shri Pran Prasad .. Member
- 3. Shri G. Ramamurty ... Member
- 4. Shri D. L. Purukayastha, I. A. S., Managing Director, Industrial Development Corporation.
- 5. Shri U. M. Padhi, General Manager, Hirakud Industrial Works.
- 6. Shri G. Rath, General Manager, Re-rolling Mill Sambalpur.
- 7. Shri S. N. Das Mahapatra, Project Administratort Cable Plant, Hirakud.
- 8. Shri Sripal Jee, Managing Director, Orissa Forest Corporation.
- 9. Shri Dixit, Divisional Manager, Orissa Forest Corporation.
- 10. Shri A. R. Rao, Director In-charge, Orissa Construction Corporation, Ltd.
- 11. Shri K. Srinivasan, I. A. S., Managing Director, Orissa Mining Corporation.
- 12. Shri A. C. Mahanty, o. A. s., Managing Director, Orissa Fisheries Development Corporation.
- 13. Brigr. S. K. Rai, Managing Director, Orissa State Commercial Transport Corporation.

The 3rd meeting of the Evaluation Committee held at Bhubaneswar in the State Guest House from 16th to 19th June 1968 and met the Chairman and the Managing Director of the Orissa Mining Corporation as well as the Secretary, Industries Department and the Managing Director of Industrial Development Corporation. It had also detailed discussions with the Additional Chief Secretary to the Government.

GOVERNMENT OF ORISSA

PLANNING & CO-ORDINATION DEPARTMENT

(PLANNING BRANCH)

No. 6588 (10)—EC-2/67-P.

FROM

SHRI B. K. MISHRA, I. A. S.,

ADDITIONAL DEVELOPMENT COMMISSIONER AND ADDITIONAL SECRETARY TO GOVERNMENT

To

THE

Industrial Development Corporation Ltd., Bhubaneswar
Orissa Mining Corporation Ltd., Bhubaneswar
Orissa State Commercial Transport Corporation Ltd., Cuttack
Orissa Small Industries Corporation Ltd., Cuttack
Orissa Fisheries Development Corporation Ltd., Cuttack
Orissa Forest Corporation Ltd., Cuttack
Orissa State Financial Corporation Ltd., Cuttack
Orissa Construction Corporation Ltd., Bhubaneswar
Orissa State Road Transport Corporation, Berhampur
East Coast Salt & Chemical Industries Ltd., Bhubaneswar

Dated the 20th November 1967

SUBJECT—Information required by the Evaluation Committee for Public Sector undertakings.

Sir,

In continuation of this Department letter No. 5959, dated the 25th October 1967 and subsequent reminder No. 6323, dated the 8th November 1967 on the above subject, I am directed to request you to kindly furnish the required information in six copies before the 28th November 1967 positively. In case, wherever a single copy of information has been sent to this Department in response to our above referred letter, 5 more copies may also be sent before the date mentioned above.

Besides this, information on the following items may also be sent along with the required information before the 28th November 1967:—

(1) The actual staffing pattern envisaged in the original project report and the actual staff now employed in each of the categories.

- (2) The system of selection of staff and policy followed for promotion at various levels. Information may be furnished regarding the cadre maintained for each Corporation at various levels. The number of persons actually working from its own cadre and the number of persons actually deputed by the Government may be indicated.
- (3) The kind of marketing organisation developed in each of the Corporations both internally and externally.
- (4) The extent of financial powers delegated to different categories of officers (including the power to appoint staff up to a certain level).
- (5) The amount of working capital used in each year and the sources of financing the working capital.
- (6) The system of management audit other than statutory external audit.
- (7) The method of maintaining monthly income and expenditure statement.
- (8) The type of control exercised by Government in respect of—

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- (a) Capital investment,
- (b) expenditure,
- (c) appointments,
- (d) contracts,
- (e) purchase of stores, and
- (f) recruitment policy.

It may also be mentioned in your opinion what changes can be suggested in your Corporation as to improve its operational efficiency and productivity.

(9) Additional capital outlay required for completion of the projects in hand under your Corporation and the year-wise break-up of the same.

- (10) A clear statement on the profitability showing therein, the cost of production of each product under the various elements and the selling price along with the capital investment by way of fixed assets and working capital may be furnished. The figures should reconcile with the published account, namely, balance sheet, profit and loss account. The calculation sheet may also be attached showing details of working cost of production, methods of depreciation adopted, rates of depreciation, quantity of different raw materials with their rates, whether available indigenously or imported, method of allocation over heads, etc.
- (11) The cash flow statement for projected ten years of operation (with detailed working sheets) and the control exercised on debtors and creditors may be given.

Yours faithfully

B. K. MISHRA

20-11-1967

Additional Development Commissioner and Additional Secretary to Government

GOVERNMENT OF ORISSA

PLANNING & CO-ORDINATION DEPARTMENT

(PLANNING BRANCH)

No. 5969 (9)

FROM

Dr. H. P. MISRA SECRETARY

EVALUATION COMMITTEE FOR PUBLIC SECTOR UNDERTAKINGS IN ORISSA.

To

Dated Bhubaneswar, the 25th October 1967

Dear Sir,

In pursuance of the Resolution No. 5785—PLN.-I-Cor.-175/67-P., dated the 9th October 1967 by the Government, a copy of which has already been endorsed to you, the undersigned is directed to seek from you the following papers in connection with the Evaluation Committee work:—

- (1) Copy of the Memorandum & Articles of Association of your Corporation.
- (2) Copies of the Annual Reports of your Company for each year from the date of its registration.
- (3) The investment pattern for the Corporation, i. e.' the total share invested by the Government in the Corporation as well as loan, etc.
- (4) The total investment in the Corporation with break-up for the constituent Units till 1-10-1967.
- (5) Copy of the detailed Project Report on each of the constituent Unit under your Corporation, submitted to the Government.
- (6) Copy of the revised Project Report on each of the constituent Unit, if any with up-to-date figures and with special reference to the investment and the profitability.
- (7) A detailed report from each of the constituent Units regarding the progress of work indicating therein the sections, which have gone into regular operation.

The total investment incurred on the Unit till 1-10-1967 may further be splitted up sectionwise as far as possible.

- (8) The total output achieved from various operating sections from the date it went into operation.
- (9) Yearwise recurring expenditure for each constituen Unit indicating therein a break-up for (i) salary and wages, (ii) electricity, (iii) water, if it is delivered from external sources, (iv) raw materials, (v) other inventories, etc. Consumption figures on each item for operating sections may be indicated separately.
- (10) The total amount of sale-proceeds from the operating Units either from the date of regular production has commenced or from the date the operating Unit has been taken over by your Corporation.
- (11) Organisation chart for the Corporation and also for each of its constituent Units.
- (12) Job specifications for each of the officers as per the organisation chart.
- (13) Delegation of power at the Government level, the Board level, the head office level, the Constituent Unit level for each of the Officers of the Corporation and the method of control exercised by the organisation to evaluate their performance.

It may kindly be noted that these papers should reach the undersigned by the 4th November 1967 for the 1st meeting of the Evaluation Committee to be held sometime during the second week of November, 1967.

SECRETARY

ANNEXURE A

No. 5785—PLN.-I-Cor.-175/67-P.

GOVERNMENT OF ORISSA

PLANNING & CO-ORDINATION DEPARTMENT

(PLANNING BRANCH)

RESOLUTION

The 9th October 1967

A number of public sector undertakings have been set up by the State Government during the last few years. Government have invested a substantial amount in these undertakings. Their working has from time to time thrown up problems having appreciable repercussions on the administration and finances of the State. Opinions have been expressed in certain quarters that the working of these undertakings would need drastic change. Opinions have also been expressed that such undertakings should not have been created in the public sector. The question of evaluating their working in general and the effect of their working on the administration and finances of the State in particular has been engaging the attention of Government for some time past. Government have now decided to set up an evaluation committee to be known as "The Evaluation Committee for Public Sector Undertakings in Orissa" in respect of the following public sector undertakings, namely:—

- (1) The Industrial Development Corporation of Orissa, Ltd.
- (2) The Orissa Mining Corporation, Ltd.
- (3) The Orissa State Commercial Transport Corporation Ltd.
- (4) The Orissa Fisheries Development Corporation, Ltd.
- (5) The Orissa Forest Corporation, Ltd.
- (6) The Orissa Construction Corporation, Ltd.
- (7) The Orissa State Road Transport Corporation, Ltd.
- (8) The East Coast Salt and Chemical Industries, Ltd.

- 2. The terms of reference of the Committee are—
- (1) the objectives with which these undertakings were set up and how far these objectives have been realised and if not, the reasons for the same;
- (2) whether the capital outlays on these undertakings have been economical and proper;
- (3) to examine in detail the capital outlays and programme of work undertaken by these undertakings and to suggest any modification that may be necessary for realistic implementation of their programmes;
- (4) to assess in a realistic manner the capital outlay still required for implementing the programmes and the yearwise break-up of this proposed outlay for ensuring maximum return at as early a date as possible on the capital invested and to be invested;
- (5) to make a comparative assessment of the economics and efficiency of those undertakings;
- (6) to examine the organisational set up that now prevails in these undertakings and to suggest modifications that are necessary so as to secure the most efficient management of the undertakings;
- (7) to suggest specific measures for protecting Government interest without substantially effecting the efficient management of the undertakings.

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- (8) to examine the control which is exercised by Government in respect of—
 - (a) capital investment
 - (b) expenditure
 - (c) appointments
 - (d) contracts
 - (e) purchase of stores; and
 - (f) recruitment policy

in these undertakings and to suggest changes that may be necessary to secure efficient and profitable management of these undertakings consistent with protection of interest of the State and the people of the State;

- (9) to examine, if in the interest of the State any of these public sector undertakings should be closed down or its activities should be progressively reduced or altered and to suggest in detail as to how these objectives will be achieved; and
- (10) to suggest any other measures that may be relevanfor a complete appreciation of the problems, involved.
 - 3. The constitution of the Committee shall be—
 - (1) Dr. P. S. Lokanathan .. Chairman
 - (2) Shri Pran Prasad .. Member
 - (3) Shri G. Ramamurty ... Member
- 4. Dr. H. P. Misra will function as the non-Member-Secretary of the Committee.
- 5. The Committee shall submit an interim report or reports as may be required by Government and shall also submit such reports, if it feels that any urgent action is called for on any of the terms of references.
- 6. The headquarters of the Committee shall be at Bhubane-swar.

ORDER—Ordered that the Resolution be published in the Orissa Gazette and copies be forwarded to all concerned.

By order of the Governor
R. P. PADHI

Additional Chief Secretary to
Government

Мемо. №. 5786 (66)-Р.

Bhubaneswar, the 9th October 1967

COPY forwarded to all Departments of Government and all Heads of Departments for information.

R. SRINIVASAN

Deputy Secretary to Government

MEMO. No. 5787-P.

Bhubaneswar, the 9th October 1967

Copy forwarded to the Chairman and the Members of the Evaluation Committee for Public Sector Undertakings in Orissa for information.

R. SRINIVASAN

Deputy Secretary to Government

Мемо. No. 5788-Р.

Bhubaneswar, the 9th October 1967

Copy forwarded to the Managing Directors of the concerned Public Sector Undertakings in Orissa.

R. SRINIVASAN

Deputy Secretary to Government